

# **FRANCES BAARD DISTRICT MUNICIPALITY**



[These financial statements have not been audited]

## **ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

## FRANCES BAARD DISTRICT MUNICIPALITY

### Annual Financial Statements for the year ended 30 June 2019

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The reports and statements set out below comprise the annual financial statements presented to the council:

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## FRANCES BAARD DISTRICT MUNICIPALITY

### Annual Financial Statements for the year ended 30 June 2019

#### General information

<b>Country of origin and legal form</b>	South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)		
<b>Jurisdiction</b>	The Frances Baard Municipality includes the following areas: Sol Plaatjie Grade 6 Phokwane Grade 3 Dikgatlong Grade 2 Magareng Grade 2		
<b>Nature of business</b>	Frances Baard Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)		
<b>Capacity of district authority</b>	Medium capacity		
<b>Municipal demarcation code</b>	DC9		
<b>Management structure</b>	The municipality's senior management structure consists of the Municipal Manager and heads of the four main departments. The Office of the Municipal Manager includes management functions pertaining to municipal systems improvement and integrated development planning functions.		
<b>Municipal manager</b>	Ms. ZM Bogatsu		
<b>Chief financial officer</b>	Vacant		
<b>Other heads of departments</b>	Director: Administration Director: Planning & Development Director: Infrastructure Services	Mrs. KG Gaborone Vacant Vacant	
<b>Registered office</b>	51 Drakensberg Avenue Carters Glen Kimberley		
<b>Legal representative</b>	Mr. K Matlakala		
<b>External auditors</b>	Auditor-General of South Africa Private Bag X5013 Kimberley		
<b>Internal auditors</b>	The Internal Audit section was fully staffed and operational during the financial year. The use of external service providers is limited to cases where internal capacity is insufficient to conduct specialized investigations.		
<b>Members of the audit committee</b>	Mr. T Mogoli Mr. T Mudamburi Mr. G Botha	Chairperson Member Member	

## FRANCES BAARD DISTRICT MUNICIPALITY

### Annual Financial Statements for the year ended 30 June 2019

#### **General information**

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<b>Principal banker</b>	ABSA ABSA Business Centre Po Box 323 Bloemfontein 9300	
<b>Relevant legislation</b>	Municipal Finance Management Act Division of Revenue Act The Income Tax Amendment Act Value Added Tax Amendment Act Municipal Structures Act Municipal Systems Act Municipal Planning and Performance Management Regulations Housing Act Skills Development Levies Amendment Act Employment Equity Act Unemployment Insurance Act Basic Conditions of Employment Act Supply Chain Management Regulations	
<b>Executive Mayor</b>	Mr P Marekwa	Proportional
<b>Speaker</b>	Ms U Buda	Sol Plaatje Municipality
<b>Mayoral Committee</b>	Mr M Mokgatlhanyane Ms C Mothibi Ms M Mathe Ms M Motsamai Ms BV Ximba	Proportional Proportional Proportional Proportional Proportional
<b>MPAC Chairperson</b>	Ms D Bishop	Sol Plaatje Municipality
<b>Part Time Councillors</b>	Vacant Mr M Kaars Ms D Benjamin Mr P Louw Ms A Siwisa Ms A Moremong Mr J Musie Ms D Setlholo Mr B Springbok Ms KM Sebego Ms L Duba Ms M Beylefeld Mr S Griqua Mr S N Kika Ms LN Shushu Mr D M Macinga Ms M A Mahutie Ms H Morometse Mr K Zalisa	Proportional Proportional Proportional Proportional Proportional Phokwane Municipality Phokwane Municipality Proportional Proportional Sol Plaatje Municipality Sol Plaatje Municipality Sol Plaatje Municipality Sol Plaatje Municipality Sol Plaatje Municipality Dikgatlong Dikgatlong Phokwane Municipality Magareng

## FRANCES BAARD DISTRICT MUNICIPALITY

### Annual Financial Statements for the year ended 30 June 2019

#### **Approval of Annual Financial Statements**

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I am responsible for the preparation of these annual financial statements for the year ended 30 June 2019 which are set out on pages 1 to 66 in terms of section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the municipality. The annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the municipality's cash flow forecast for the year to 30 June 2020 and am satisfied that the municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Management has concluded that the financial statements present fairly the municipality's financial position, financial performance and cash flows for the year ended 30 June 2019.

The annual financial statements set out on pages 1 to 66, which have been prepared on the going concern basis, were approved by the accounting officer and were signed on her behalf by:

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*Ms. ZM Bogatsu*  
**Municipal Manager**

31-Aug-19  
**Date**

**FINANCIAL STATEMENTS UNAUDITED  
(NO AG REPORT)**

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2019**

	Note	Actual	
		2019	2018
		R	R
<b>ASSETS</b>			
<b>Current Assets</b>		<b>85 531 032</b>	<b>63 832 831</b>
Inventories	2	362 518	341 561
Receivables from Exchange Transactions	3	4 105 572	1 883 331
VAT Receivable	4	1 926 871	3 663 078
Investments	5	6 700 000	6 050 000
Cash and Cash Equivalents	6	71 567 162	51 071 805
Operating Lease Receivables	7	909	4 056
Current Portion of Long-term Receivables	8	868 000	819 000
<b>Non-Current Assets</b>		<b>64 343 148</b>	<b>58 287 569</b>
Property, Plant and Equipment	9	55 134 158	48 930 349
Intangible Assets	10	412 698	579 865
Investment Property	11	571 875	585 938
Heritage Assets	12	631 417	631 417
Long-term Receivables	13	7 593 000	7 560 000
<b>Total Assets</b>		<b>149 874 180</b>	<b>122 120 400</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>18 292 868</b>	<b>17 718 740</b>
Consumer Deposits	14	345	570
Provisions	15	9 514 535	8 490 003
Payables from Exchange Transactions	16	8 685 674	6 566 088
Unspent Conditional Grants and Receipts	17	92 314	206 662
Current Portion of Long-term Liabilities	18		2 455 416
<b>Non-Current Liabilities</b>		<b>31 003 964</b>	<b>28 489 808</b>
Long-term Liabilities	18	-	-
Employee Benefit Liabilities	19	30 895 963	28 380 898
Non-current Provisions	20	108 000	108 910
<b>Total Liabilities</b>		<b>49 296 832</b>	<b>46 208 548</b>
<b>Total Assets and Liabilities</b>		<b>100 577 348</b>	<b>75 911 852</b>
<b>NET ASSETS</b>		<b>100 577 348</b>	<b>75 911 852</b>
Reserves	21	27 468 475	27 732 436
Accumulated Surplus / (Deficit)	22	73 108 873	48 179 417

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**

	Note	<b>Actual</b>	
		<b>2019</b>	<b>2018</b>
		<b>R</b>	<b>R</b>
<b>REVENUE</b>			
<b>Revenue from Non-exchange Transactions</b>			
Transfers and Subsidies	23	125 713 389	117 698 568
<b>Revenue from Exchange Transactions</b>			
Sales of Goods and Rendering of Services	24	74 620	285 736
Rental from Fixed Assets	25	857 756	1 003 158
Interest Received	26	6 728 692	5 830 289
<b>Total Revenue</b>		<b>133 374 458</b>	<b>124 817 752</b>
<b>EXPENDITURE</b>			
Employee Related Costs	27	61 650 082	57 917 444
Remuneration of Councillors	28	6 699 719	6 566 732
Depreciation and Amortisation	29	3 104 929	3 751 084
Impairment Losses	30	-	88 121
Interest Paid	31	203 899	451 109
Inventory Consumed	32	1 245 543	1 454 790
Transfers and Subsidies Paid	33	7 305 733	24 795 809
General Expenditure	34	28 431 766	22 362 983
Loss on Disposal of Property, Plant and Equipment	35	67 292	29 393
<b>Total Expenditure</b>		<b>108 708 962</b>	<b>117 417 465</b>
<b>SURPLUS / (DEFICIT) FOR THE YEAR</b>		<b>24 665 496</b>	<b>7 400 288</b>

Refer to Budget Statement for explanation of budget variances

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2019**

	Capital Replacement Reserve	Revaluation Reserve	Total Funds & Reserves	Accumulated Surplus/(Deficit)	Total Net Assets
<b>2018</b>	R	R	R	R	R
Balance at 30 June 2017	7 957 082	20 039 314	27 996 397	40 430 960	68 427 356
Change in Accounting Policy (Note N/A)			-	-	-
Correction of Error (Note N/A)	-	-	-	84 208	84 208
<b>Restated Balance</b>	<b>7 957 082</b>	<b>20 039 314</b>	<b>27 996 397</b>	<b>40 515 168</b>	<b>68 511 565</b>
Surplus / (Deficit) for the year			-	7 400 288	7 400 288
Other Transfers to/from Accumulated Surplus			-	-	-
Transfers to/from Accumulated Surplus	-	(263 961)	(263 961)	-	(263 961)
Transfers to/from Reserves	-	-	-	-	-
Depreciation Offsets	-	-	-	263 961	263 961
<b>Balance at 30 June 2018</b>	<b>7 957 082</b>	<b>19 775 353</b>	<b>27 732 436</b>	<b>48 179 417</b>	<b>75 911 852</b>
<b>2019</b>					
Change in Accounting Policy (Note N/A)			-	-	-
Correction of Error (Note N/A)			-	-	-
<b>Restated Balance</b>	<b>7 957 082</b>	<b>19 775 353</b>	<b>27 732 436</b>	<b>48 179 417</b>	<b>75 911 852</b>
Surplus / (Deficit) for the year			-	24 665 496	24 665 496
Other Transfers to/from Accumulated Surplus				-	-
Transfers to/from Accumulated Surplus	-	(263 961)	(263 961)	-	(263 961)
Transfers to/from Reserves	-	-	-	-	-
Depreciation Offsets	-	-	-	263 961	263 961
<b>Balance at 30 June 2019</b>	<b>7 957 082</b>	<b>19 511 393</b>	<b>27 468 475</b>	<b>73 108 873</b>	<b>100 577 348</b>

Details on the movement of the Funds and Reserves are set out in Note 21 and Note 22.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019**

	Note	Actual	2019	2018	Restated
		R	R	R	R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
<b>Receipts</b>					
Transfers and Subsidies		125 599 041	117 433 532		
External Interest and Dividends Received		6 728 692	5 830 289		
Other Receipts		-	15 639 088		
VAT Receivable / Payable		1 736 207	-		
<b>Payments</b>					
Employee Related Costs		(58 269 285)	(59 339 805)		
Remuneration of Councillors		(6 699 719)	(6 566 732)		
External Interest and Dividends Paid		(203 899)	(451 109)		
Suppliers Paid		(17 352 150)	(20 680 405)		
Other Payments		(21 116 732)	(47 158 792)		
VAT Receivable / Payable		-	(300 486)		
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>30 422 155</b>	<b>4 405 581</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of Property, Plant and Equipment	9	(9 194 801)	(3 714 521)		
Purchase of Intangible Assets	10	-	(149 000)		
Proceeds on Disposal of Property, Plant and Equipment	35	2	33 142		
Decrease / (Increase) in Current Investments	5	(650 000)	4 400 000		
Decrease / (Increase) in Long-term Receivables	13	(82 000)	554 000		
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(9 926 799)</b>	<b>1 227 727</b>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of Borrowings	17	-	(4 663 622)		
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>(4 663 622)</b>		
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>20 495 357</b>	<b>969 686</b>		
		<b>0.00</b>	<b>0.00</b>		
Cash and Cash Equivalents at Beginning of Period		51 071 805	50 102 119		
Cash and Cash Equivalents at End of Period	6	71 567 162	51 071 805		

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019**

30 June 2019

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	R	R	R	R	R	R	R	%	%
<b>FINANCIAL POSITION</b>									
<b>Current Assets</b>									
Inventories	330 000	11 561	341 561	-	341 561	362 518	20 958	106%	110%
Receivables from Exchange Transactions	2 000 000	3 550 465	5 550 465	-	5 550 465	4 105 572	(1 444 893)	74%	205%
VAT Receivable	-	-	-	-	-	1 926 871	1 926 871	0%	0%
Cash and Cash Equivalents	41 400 980	12 880 000	54 280 980	-	54 959 980	71 567 162	16 607 182	130%	173%
Operating Lease Receivables	-	-	-	-	-	909	909	0%	0%
Current Portion of Long-term Receivables	820 000	-	820 000	-	820 000	868 000	48 000	106%	106%
<b>Non-Current Assets</b>									
Property, Plant and Equipment	56 356 881	(7 059 838)	49 297 043	-	52 121 425	55 134 158	3 012 733	106%	98%
Intangible Assets	706 954	(127 089)	579 865	-	579 865	412 698	(167 167)	71%	58%
Heritage Assets	631 417	-	631 417	-	631 417	631 417	(0)	100%	100%
Long-term Receivables	8 000 000	(440 000)	7 560 000	-	7 560 000	7 593 000	33 000	100%	95%
<b>Total Assets</b>	<b>110 246 232</b>	<b>8 815 099</b>	<b>119 061 331</b>	<b>-</b>	<b>122 564 713</b>	<b>149 874 180</b>	<b>27 309 467</b>	<b>122%</b>	<b>136%</b>
<b>Current Liabilities</b>									
Consumer Deposits	-	-	-	-	570	345	(225)	61%	0%
Provisions	8 490 003	3 509 997	12 000 000	-	8 490 003	9 514 535	1 024 532	112%	112%
Payables from Exchange Transactions	12 757 000	(5 984 249)	6 772 751	-	6 772 751	8 685 674	1 912 923	128%	68%
Unspent Conditional Grants and Receipts	-	-	-	-	-	92 314	92 314	0%	0%
Current Portion of Long-term Liabilities	-	-	-	-	2 455 416	-	-	0%	0%
<b>Non-Current Liabilities</b>									
Long-term Liabilities	-	-	-	-	-	-	-	0%	0%
Employee Benefit Liabilities	-	-	-	-	-	30 895 963	30 895 963	0%	0%
Non-current Provisions	32 000 000	(3 510 192)	28 489 808	-	30 341 808	108 000	(30 233 808)	0%	0%
<b>Total Liabilities</b>	<b>53 247 003</b>	<b>(5 984 444)</b>	<b>47 262 559</b>	<b>-</b>	<b>48 060 548</b>	<b>49 296 832</b>	<b>3 691 700</b>	<b>103%</b>	<b>93%</b>
<b>Total Assets and Liabilities</b>	<b>56 999 229</b>	<b>14 799 543</b>	<b>71 798 772</b>	<b>-</b>	<b>74 504 165</b>	<b>100 577 348</b>	<b>23 617 767</b>	<b>135%</b>	<b>176%</b>
<b>Net Assets (Equity)</b>									
Reserves	22 175 760	5 556 675	27 732 435	-	27 732 435	27 468 475	(263 960)	99%	124%
Accumulated Surplus / (Deficit)	31 313 472	16 631 258	47 944 730	-	46 771 730	73 108 873	26 337 143	156%	233%
<b>Total Net Assets</b>	<b>53 489 232</b>	<b>22 187 933</b>	<b>75 677 165</b>	<b>-</b>	<b>74 504 165</b>	<b>100 577 348</b>	<b>26 073 183</b>	<b>135%</b>	<b>188%</b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019**

***Financial Position: Explanation of Variances between Approved Budget and Actual***

Reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Position are explained below:

Proper procedures to budget for Financial Position have not been developed and implemented. Furthermore, the system utilised does not carry budget for Financial Position and no budgetary control can be performed.

**Receivables from Exchange Transactions:**

The budget is underspent as the adjustment budget includes the VAT receivable of R3 663 078.

**VAT Receivable:**

receivables.

**Cash and Cash Equivalents:**

The variance is due to an improvement in cash flow which result from increased investments and lower spending as a result of cost containment measures implemented. A decision was taken during the preparation of the 2018/19 budget to decrease transfers made to local municipalities in order for the district to build up its cash reserves during the current year.

**Operating Lease Receivables:**

template.

**Current Portion of Long-term Receivables:**

Due to the actuarial valuation performed at the end of the year, the increase in the current portion of long-term receivables was more than anticipated.

**Property, Plant and Equipment:**

There was a deviation on PPE is a result of capital projects being more than anticipated and the deviation on the depreciation as a result of the delay in the building project. There was a decrease in the adjustment budget as the municipality expected to spend less on the capital projects as at the date of the adjustment budget.

**Intangible Assets:**

The variance is due to savings on capital spending and none procurement on other capital items that did not materialise.

**Long-term Receivables:**

Due to the actuarial valuation performed at the end of the year, the variation in the long-term receivables was less than anticipated.

**Consumer Deposits:**

No provision is made on the NT budget template for consumer deposits, it has therefore been included in payables budget, which leads to the variance on the budget statement as stated above.

**Provisions:**

Due to the actuarial valuation performed at the end of the year, the variation in the provisions was more than anticipated.

**Unspent Conditional Grants and Receipts:**

The municipality anticipated that it would spend all its grant allocations, however due to the late allocation of the AIDS and Khotso Pula Nala Grants by the provincial government, some variation occurred on the complete roll out of the programmes.

**Retirement Benefit Liabilities:**

Variation on Employee Benefit Liabilities is as a result of the budget being included under provision, the budget template does not allow for a separation of employee benefits and provisions,

**Non-current Provisions:**

Variation on Provision is as a result of the employee benefit budget being included under provision, the budget template does not allow for a separation of employee benefits and provisions.

**Reserves:**

The variance is due to the increase in the reserve being higher than anticipated, due to the cut made on allocations to local municipalities in order to build the municipal reserves. The build up of reserves was higher than anticipated.

**Accumulated Surplus / (Deficit):**

Combination of reasons stated above

**Reason for adjustment to original budget**

Please refer to the adjustment budget and the special adjustment budget for reasons on variances from the orginal budget.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019**

30 June 2019

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
<b>FINANCIAL PERFORMANCE</b>	R	R	R	R	R	R	R	R	R
<b>Revenue from Non-exchange Transactions</b>									
Transfers and Subsidies	121 311 000	-	121 311 000	-	125 443 000	125 713 389	270 389	100%	104%
<b>Revenue from Exchange Transactions</b>									
Sales of Goods and Rendering of Services	500 000	300 000	800 000	-	800 000	74 620	(725 380)	9%	15%
Rental from Fixed Assets	1 002 860	-	1 002 860	-	1 002 860	857 756	(145 104)	86%	86%
Interest, Dividends and Rent on Land Earned	4 805 000	-	4 805 000	-	5 852 000	6 728 692	876 692	115%	140%
<b>Total Revenue</b>	<b>127 618 860</b>	<b>300 000</b>	<b>127 918 860</b>	<b>-</b>	<b>133 097 860</b>	<b>133 374 458</b>	<b>276 598</b>	<b>100%</b>	<b>105%</b>
<b>Expenditure</b>									
Employee Related Costs	72 691 760	(200 570)	72 491 190	-	72 491 190	61 650 082	(10 841 108)	85%	85%
Remuneration of Councillors	5 875 310	1 354 960	7 230 270	-	7 230 270	6 699 719	(530 551)	93%	114%
Depreciation and Amortisation	3 550 660	348 500	3 899 160	-	3 899 160	3 104 929	(794 231)	80%	87%
Impairment Losses	3 000	-	3 000	-	3 000	-	(3 000)	0%	0%
Interest, Dividends and Rent on Land	222 490	-	222 490	-	222 490	203 899	(18 591)	92%	92%
Contracted Services	20 744 690	(699 200)	20 045 490	-	20 045 490	-	(20 045 490)	0%	0%
Inventory Consumed	1 634 930	(23 000)	1 611 930	-	1 611 930	1 245 543	(366 387)	77%	76%
Transfers and Subsidies Paid	8 873 260	(500 000)	8 373 260	-	12 873 260	7 305 733	(5 567 527)	57%	82%
Operational Costs	14 621 150	128 120	14 749 270	-	14 749 270	28 431 766	13 682 496	193%	194%
Loss on Disposal of Property, Plant and Equipment	300 000	-	300 000	-	300 000	67 292	(232 708)	22%	22%
<b>Total Expenditure</b>	<b>128 517 250</b>	<b>408 810</b>	<b>128 926 060</b>	<b>-</b>	<b>133 426 060</b>	<b>108 708 962</b>	<b>(24 717 098)</b>	<b>81%</b>	<b>85%</b>
<b>Surplus/(Deficit for the Year)</b>	<b>(898 390)</b>	<b>(108 810)</b>	<b>(1 007 200)</b>	<b>-</b>	<b>(328 200)</b>	<b>24 665 495</b>	<b>24 993 695</b>	<b>-</b>	<b>-</b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019**

***Financial Performance: Explanation of Variances between Approved Budget and Actual***

Reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

Proper procedures to budget for Financial Position have not been developed and implemented. Furthermore, the system utilised does not carry budget for Financial Position and no budgetary control can be performed.

**Sales of Goods and Rendering of Services:**

The sale of goods and rendering of services was less than expected due to the low demand for the goods & services.

**Rental from Fixed Assets:**

The rental of facilities and equipment was less than expected due to the low demand for the services and the fact the organs of state expect to use the facilities at no cost. An arrangement was entered into with the Northern Cape Legislature to use the facilities at no charge.

**Interest, Dividends and Rent on Land Earned:**

The income from external investments was more than anticipated as more money was invested in call accounts during the financial year. There was a decline in the budget for the 2018/19 financial year for the assistance provided to locals, which allowed the municipality to build up reserves during the current financial year.

**Employee Related Costs:**

The variance on the employee related costs is due to the vacant positions which have not been filled, i.e. Directors - Finance, Infrastructure and Planning & Development.

**Remuneration of Councillors:**

The variance is due to the change in the remuneration as gazetted and the change in the portfolio of Councillors. During the year there were a few council vacancies due to the resignation and death of one councillor.

**Depreciation and Amortisation:**

The depreciation & amortisation on assets was lower than expected due to disposal of assets which occurred during the year and the delay in the completion of the building.

**Impairment Losses:**

No debtors were impaired for the year, as debtors are deemed to be able to repay the municipality. An assessment was made of debtors at the end of the year, and a provision was made for write-off.

**Contracted Services:**

Savings realised on the appointment of contractors due to the implementation of cost containment measures and roll-over of projects to the 2019/20 year. Repairs and Maintenance Budget is included under Contracted Services.

**Inventory Consumed:**

Savings realised on the consumption of inventory due to the implementation of cost containment measures.

**Transfers and Subsidies Paid:**

Actual expenditure is below the budgeted amount due to non co-operation from local municipalities in submitting their claims.

**Operational Costs:**

Operational cost was less than the budgeted amount due to cost containment measures implemented during the financial year and savings on projects implemented.

**Loss on Disposal of Property, Plant and Equipment:**

The loss on disposal of PPE was lower than anticipated due to the write-off of assets being lower than budgeted during the year.

**Reason for adjustment to original budget**

Please refer to the adjustment budget and the special adjustment budget for reasons on variances from the orginal budget.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019**

30 June 2019

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
<b>CAPITAL EXPENDITURE PER FUNCTION</b>	R	R	R	R	R	R	R	R	R
Executive and Council	153 050	5 750	158 800	-	158 800	27 949	(130 851)	18%	18%
Finance and Administration	1 590 800	300 000	1 890 800	-	1 890 800	1 356 213	(534 587)	72%	85%
Community and Social Services	2 028 000	20 000	2 048 000	-	2 048 000	1 897 054	(150 946)	93%	94%
Environmental Protection	786 800	-	786 800	-	786 800	45 147	(741 653)	6%	6%
Planning and Development	3 491 000	2 754 280	6 245 280	-	6 245 280	5 868 438	(376 842)	94%	168%
<b>Total Capital Expenditure</b>	<b>8 049 650</b>	<b>3 080 030</b>	<b>11 129 680</b>	<b>-</b>	<b>11 129 680</b>	<b>9 194 801</b>	<b>(1 934 879)</b>	<b>83%</b>	<b>114%</b>

***Capital Expenditure per Function: Explanation of Variances between Approved Budget and Actual***

Reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items for Capital Expenditure per Function are explained below:

Proper procedures to budget for Financial Position have not been developed and implemented. Furthermore, the system utilised does not carry budget for Financial Position and no budgetary control can be performed.

Executive and Council:

Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.

Finance and Administration:

Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.

Community and Social Services:

Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.

Planning and Development:

Savings realised on capital items budgeted for and none procurement of budgeted capital items for the year.

Environmental Protection:

Savings realised on capital items budgeted for and none procurement of transport assets due to the reassessment of the need for these assets.

Reason for adjustment to original budget

Please refer to the adjustment budget and the special adjustment budget for reasons on variances from the orginal budget.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019**

30 June 2019

Description	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
<b>CASH FLOW</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Cash Flows from/(used in) Operating Activities</b>									
Transfers and Subsidies									
External Interest and Dividends Received	121 311 000	-	121 311 000	-	125 443 000	125 599 041	156 041	100%	104%
Other Receipts	4 805 000	-	4 805 000	-	5 852 000	6 728 692	876 692	115%	140%
VAT Receivable / Payable	518 000	300 000	818 000	-	818 000	-	(818 000)	0%	0%
Employee Related Costs	(69 889 760)	200 570	(69 689 190)	-	(69 689 190)	(58 269 285)	11 419 905	0%	0%
Remuneration of Councillors	(5 875 310)	(1 354 960)	(7 230 270)	-	(7 230 270)	(6 699 719)	530 551	0%	0%
External Interest and Dividends Paid	(222 490)	-	(222 490)	-	(222 490)	(203 899)	18 591	0%	0%
Suppliers Paid	(23 668 200)	546 880	(23 121 320)	-	(27 621 320)	(17 352 150)	10 269 170	0%	0%
Other Payments	(22 204 620)	547 200	(21 657 420)	-	(21 657 420)	(21 116 732)	540 688	0%	0%
VAT Receivable / Payable	-	-	-	-	-	-	-	0%	0%
<b>Cash Flows from/(used in) Investing Activities</b>									
Purchase of Property, Plant and Equipment	(8 049 550)	(3 080 030)	(11 129 580)	-	(11 129 580)	(9 194 801)	1 934 779	0%	0%
Purchase of Intangible Assets	-	-	-	-	-	-	-	0%	0%
Purchase of Investment Property	-	-	-	-	-	-	-	0%	0%
Purchase of Heritage Assets	-	-	-	-	-	-	-	0%	0%
Purchase of Biological Assets	-	-	-	-	-	-	-	0%	0%
Proceeds on Disposal of Property, Plant and Equipment	-	-	-	-	-	2	2	0%	0%
Proceeds on Disposal of Intangible Assets	-	-	-	-	-	-	-	0%	0%
Proceeds on Disposal of Investment Property	-	-	-	-	-	-	-	0%	0%
Proceeds on Disposal of Heritage Assets	-	-	-	-	-	-	-	0%	0%
Profit on Sale of Land	-	-	-	-	-	-	-	0%	0%
Decrease / (Increase) in Non-current Investments	-	-	-	-	-	-	-	0%	0%
Decrease / (Increase) in Investments in Associates	-	-	-	-	-	-	-	0%	0%
Decrease / (Increase) in Long-term Receivables	114 000	-	114 000	-	114 000	(82 000)	(196 000)	0%	0%
<b>Cash Flows from/(used in) Financing Activities</b>									
Proceeds from Borrowings	-	-	-	-	-	-	-	0%	0%
Repayment of Borrowings	(2 484 589)	-	(2 484 589)	-	(2 484 589)	-	2 484 589	0%	0%
Increase / (Decrease) in Short-term Loans	-	-	-	-	-	-	-	0%	0%
<b>Cash and Cash Equivalents at End of the Year</b>	<b>(5 646 519)</b>	<b>(2 840 340)</b>	<b>(8 486 859)</b>	<b>-</b>	<b>(7 807 859)</b>	<b>21 145 356</b>	<b>28 953 216</b>	<b>0%</b>	<b>0%</b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019**

***Cash Flow: Explanation of Variances between Approved Budget and Actual***

Reasons for Variances greater than 5% between Approved Budget and Actual Amount on the various items disclosed in the Cash Flow Statement are explained below:

Proper procedures to budget for Cash Flow have not been developed and implemented. Furthermore, the system utilised does not carry budget for Cash Flow and no budgetary control can be performed.

**External Interest and Dividends Received:**

The income from external investments was more than anticipated as more money was invested in call accounts during the financial year. There was a cut in the budget for the 2018/19 financial year for the assistance provided to locals, which allowed the municipality to build up reserves during the current.

**Other Receipts:**

The variance in other receipts is due to the high variance between the budgeted receivable and the actuarial valuation, as the variation on long-term receivable was higher than expected which lead to an increase in other payments on the cash flow.

**VAT Receivable / Payable:**

receivables.

**Employee Related Costs:**

The variance on the employee related cost is due to the vacant positions which have not been filled, i.e. Director - Finance, Director - Infrastructure and Director - Planning & Development.

**Remuneration of Councillors:**

The variance are due to the change in the remuneration as gazetted and the change in the portfolio of Councillors. During the year there were a few council members who resigned and one passed away.

**External Interest and Dividends Paid:**

The variance is due to the last payment for the loan which had less interest than anticipated.

**Suppliers Paid:**

priority spending.

**Other Payments:**

The variance is due to cost containment measures implemented to ensure elimination of non priority spending and dependency on consultants.

**Purchase of Property, Plant and Equipment:**

The variance is due to the savings on capital assets procured, none procurement of assets where the need for them were re-assessed.

**Decrease / (Increase) in Long-term Receivables:**

Due to the actuarial valuation performed at the end of the year a variation occurred between the actual and budgeted figure for long-term receivables.

**Loans repaid:**

The variance is due to the last payment for the loan which had less interest than anticipated therefore causing a difference in the amount repaid. The loan was fully paid up at the end of the financial year.

**Reason for adjustment to original budget**

Please refer to the adjustment budget and the special adjustment budget for reasons on variances from the original budget.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2019**

RECONCILIATION OF BUDGET SURPLUS/(DEFICIT) WITH THE SURPLUS/(DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE:

Description	2018/19	2017/18
<b>Net surplus/(deficit) per the statement of financial performance</b>	<b>R</b> <b>24 665 496</b>	<b>R</b> <b>7 400 288</b>
<b>Revenue from Non-exchange Transactions</b>		
Transfers and Subsidies	(270 389)	1 128 252
<b>Revenue from Exchange Transactions</b>		
Sales of Goods and Rendering of Services	725 380	214 264
Rental from Fixed Assets	145 104	224 102
Interest, Dividends and Rent on Land Earned	(876 692)	(568 289)
Gains on Disposal of Property, Plant and Equipment	-	(2 029 330)
<b>Expenditure</b>		
Employee Related Costs	(10 841 108)	(18 716 996)
Remuneration of Councillors	(530 551)	183 862
Depreciation and Amortisation	(794 231)	460 664
Impairment Losses	(3 000)	85 121
Finance Costs	(18 591)	(35 891)
Contracted Services	(20 045 490)	(20 057 420)
Inventory Consumed	(366 387)	(93 980)
Grants and Subsidies Paid	(5 567 527)	(4 457 917)
Operational Costs	13 682 496	11 363 279
Statutory Payments other than Taxes	-	(250 000)
Loss on Disposal of Property, Plant and Equipment	(232 708)	(220 607)
<b>Net surplus/deficit per approved budget</b>	<b>(328 200)</b>	<b>(25 370 600)</b>

# FRANCES BAARD DISTRICT MUNICIPALITY

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

### 1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an Accrual Basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The Annual Financial Statements have been prepared in accordance with Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The municipality implemented the Municipal Standard Chart of Accounts (mSCOA) during the year ended 30 June 2018 as required in terms of the Municipal Regulations on Standard Chart of Accounts, announced by Government Gazette No 37577 of 22 April 2014, in section 168 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and through directives and guidelines from National Treasury.

#### 1.1 Presentation Currency

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand which is the municipality's functional currency.

#### 1.2 Changes in Accounting Policy and Comparability

Accounting Policies have been consistently applied, except where otherwise indicated below.

For the years ended 30 June 2018 and 30 June 2019 the municipality has adopted the accounting framework as set out in paragraph 1 above. The details of any resulting changes in Accounting Policy and comparative restatements are set out below and in the relevant Notes to the Annual Financial Statements.

#### 1.3 Critical Judgements, Estimations and Assumptions

In the application of the municipality's Accounting Policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

##### 1.3.1 Revenue Recognition

Accounting Policy 10.2 on Revenue from Exchange Transactions and Accounting Policy 10.3 on Revenue from Non-exchange Transactions describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9 (*Revenue from Exchange Transactions*) and GRAP 23 (*Revenue from Non-exchange Transactions*). As far as Revenue from Non-exchange Transactions is concerned (see Basis of Preparation above), and, in particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. Management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

## FRANCES BAARD DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

#### 1.3.2 Impairment of Financial Assets

Accounting Policy 8.4 on Impairment of Financial Assets describes the process followed to determine the value at which Financial Assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that impairment of Financial Assets recorded during the year is appropriate.

- Impairment of Trade Receivables:

The calculation in respect of the impairment of Debtors is based on an assessment of the extent to which Debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This is performed per service-identifiable categories across all classes of debtors.

#### 1.3.3 Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property

As described in Accounting Policies 3.3, and 5.2, the municipality depreciates its Property, Plant & Equipment and amortises its Intangible Assets, over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

#### 1.3.4 Impairment: Write-down of Property, Plant & Equipment, Intangible Assets, and Inventories

Accounting Policy 7 on Impairment of Assets, Accounting Policy 5.2 on Intangible Assets – Subsequent Measurement, Amortisation and Impairment describe the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to impairment testing of Property, Plant and Equipment and impairment testing of Intangible Assets.

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses. In particular, the calculation of the recoverable service amount for PPE and Intangible Assets and the Net Realisable Value for Inventories involves significant judgment by management.

Estimated impairments during the year to Plant and Equipment, and Intangible Assets are disclosed in Notes 9 and 10 to the Annual Financial Statements, if applicable.

#### 1.3.5 Defined Benefit Plan Liabilities

As described in Accounting Policy 12.2, Employee Benefits – Post-employment Benefits, the municipality obtains actuarial valuations of its Defined Benefit Plan Liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in the relevant Notes to the Annual Financial Statements.

#### 1.3.6 Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring Provisions and when measuring Contingent Liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

#### 1.3.7 Budget Information

Deviations between budget and actual amounts are regarded as material differences when a 5% deviation exists. All material differences are explained in the relevant Notes to the Annual Financial Statements.

#### 1.4 Going Concern Assumption

The Annual Financial Statements have been prepared on a *Going Concern Assumption*.

# FRANCES BAARD DISTRICT MUNICIPALITY

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

### **1.5 Standards, Amendments to Standards and Interpretations issued but not yet Effective**

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 18 Segment Reporting (effective 1 April 2020)
- GRAP 20 Related Party Disclosures (effective 1 April 2019)
- GRAP 32 Service Concession Arrangement Grantor (effective 1 April 2019)
- GRAP 108 Statutory Receivables (effective 1 April 2019)
- GRAP 109 Accounting by Principals and Agents (effective 1 April 2019)
- IGRAP 17 Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset (effective 1 April 2019)

The municipality applied the principles established in the following Standards of GRAP that have been issued but are not yet effective, in developing appropriate disclosure:

- GRAP 20 Related Party Disclosures

Management has considered all of the above-mentioned GRAP Standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality, except for:

- GRAP 108 Statutory Receivables:-  
It is expected that the Standard will affect the valuation of Receivables from Non-Echange Transactions, but the extent cannot be determined at this stage.
- GRAP 109 Accounting by Principals and Agents:-  
The effect of this Standard on accounting for transactions between the municipality, another function of government or private sector and third parties, can only be determined once it becomes effective.

## **2. NET ASSETS**

### **2.1.1 Revaluation Reserve**

The surplus arising from the revaluation of land and buildings is credited to the Revaluation Reserve. Subsequent adjustments to the Revaluation Reserve are made in accordance with GRAP 17 (Property, Plant and Equipment).

### **2.1.2 Capital Replacement Reserve (CRR)**

In order to finance the provision of Infrastructure and other items of Property, Plant and Equipment from internal sources, amounts are transferred from the Accumulated Surplus/(Deficit) to the CRR in terms of delegated powers.

The following provisions are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised. The cash may only be invested in accordance with the Investment Policy of the municipality.
- The CRR may only be utilised for the purpose of purchasing items of Property, Plant and Equipment and may not be used for the maintenance of these items.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the Accumulated Surplus/(Deficit) is credited by a corresponding amount.
- If a profit is made on the sale of assets other than land, the profit on these assets is reflected in Surplus or Deficit and is then transferred, via the Statement of Changes in Net Assets, to the CRR, provided that it is cash backed. Profit on the sale of land is not transferred to the CRR as it is regarded as revenue.

# FRANCES BAARD DISTRICT MUNICIPALITY

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

### 3. PROPERTY, PLANT AND EQUIPMENT

#### 3.1 Initial Recognition

Property, Plant and Equipment are initially recognised at cost.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

#### 3.2 Subsequent Measurement

##### Plant and Equipment

Subsequently all Property Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses.

##### Revaluation Model:

##### Buildings and Land

During the current year the municipality opted to adopt the application of the *Revaluation Model* for its buildings and land based on the conclusion that this is the more prudent approach for the municipality to follow.

Subsequent to initial recognition Buildings and Land are carried at a revalued amount based on municipal valuations, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by experienced valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

#### 3.3 Depreciation

Depreciation on assets other than land is calculated on cost, using the *Straight-line Method*, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. Each part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation rates are based on the following estimated useful lives:

	Asset Class	Years
	<b>Community Security Measures</b>	5 - 10
	<b>Land and Buildings</b>	Indefinite
	Land	5-50
	Buildings	
	<b>Other</b>	
	Computer Equipment	5 - 27
	Emergency Equipment	5 - 27
	Furniture and Fittings	4 - 30
	Motor Vehicles	5 - 15
	Office Equipment	5 - 27
	Plant and Machinery	4 - 17

## FRANCES BAARD DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

#### **3.4 Land**

Land is stated at fair value and is not depreciated as it is deemed to have an indefinite useful life.

#### **3.5 Incomplete Construction Work**

Incomplete Construction Work is stated at historical cost. Depreciation only commences when the asset is available for use.

#### **3.6 Derecognition**

The gain or loss arising from the derecognition of an item of Property, Plant and Equipment is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

## **4. HERITAGE ASSETS**

Heritage Assets are not depreciated owing to uncertainty regarding to their estimated useful lives. The municipality assess at each reporting date if there is an indication of impairment.

#### **4.1 Initial Recognition**

Heritage Assets are initially recognised at cost.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

#### **4.2 Subsequent Measurement**

Subsequently all Heritage Assets are measured at cost, less accumulated impairment losses.

#### **4.3 Derecognition**

The gain or loss arising from the derecognition of an item of Heritage Assets is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

## **5. INTANGIBLE ASSETS**

#### **5.1 Initial Recognition**

Identifiable non-monetary assets without physical substance are classified and recognised as Intangible Assets.

For internally generated Intangible Assets, all research expenditure is recognised as an expense as it is incurred and costs incurred on development projects are recognised as Intangible Assets in accordance with GRAP 31 (*Intangible Assets*). Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as Intangible Assets and amortised from the point at which the asset is available for use. Development assets are tested for impairment annually.

Intangible Assets are initially recognised at cost.

Where an Intangible Asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an Intangible Asset acquired in exchange for non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets, is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

## FRANCES BAARD DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

#### **5.2 Subsequent Measurement, Amortisation and Impairment**

After initial recognition, Intangible Assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is charged on a *Straight-line Method* over the Intangible Assets' useful lives. The residual value of Intangible Assets with finite useful lives is zero, unless an active market exists. Where Intangible Assets are deemed to have indefinite useful lives, such Intangible Assets are not amortised. However, such Intangible Assets are subject to an annual impairment test.

The amortisation rates are based on the following estimated useful lives:

	Asset Class	Years
	Computer Software	10
	Computer Software Licences	10

#### **5.3 Derecognition**

The gain or loss arising from the derecognition of an item of Intangible Asset is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

## **6. INVESTMENT PROPERTY**

#### **6.1 Initial Recognition**

At initial recognition, the municipality measures Investment Property at cost. However, where an Investment Property was acquired through a non-exchange transaction (i.e. where it acquired the Investment Property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Repairs and Maintenance are expenses incurred through servicing equipment or repairing of existing assets. These expenses are not recognised in the carrying value of the asset, but directly recognised in Surplus or Deficit and measured at cost against the attributing segments of the Municipal Standard Chart of Accounts (mSCOA).

#### **6.2 Subsequent Measurement**

During the current year the municipality reviewed its application of the *Fair Value Model* and concluded that based on a lack of commercial substance for such valuations, the more prudent approach for the municipality would be to carry these assets at their cost prices. The municipality has no intention of selling its land and buildings and thus the *Cost Model* would represent the value of all land and buildings more fairly. The change has resulted in the municipality's Annual Financial Statements providing reliable and more relevant information about the value of Buildings and Land, based on the intended use of these assets in line with all valuation method of all other assets.

Investment Property is measured using the *Cost Model* and is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the *Straight-line Method* over the useful life of the property, which is estimated at 5 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an Investment Property is recognised in Surplus or Deficit.

#### **6.3 Derecognition**

The gain or loss arising from the derecognition of an item of Investment Property is included in Surplus or Deficit when the item is derecognised. Gains are not classified as Revenue.

## FRANCES BAARD DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

#### 7. IMPAIRMENT OF ASSETS

The municipality classifies all assets held with the primary objective of generating a commercial return as *Cash Generating Assets*. All other assets are classified as *Non-cash Generating Assets*.

##### **7.1 Impairment of Cash Generating Assets**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment of assets measured per the revaluation method reduces the Revaluation Surplus for that asset. The decrease shall be debited directly to a Revaluation Surplus to the extent of any credit balance existing in the Revaluation Surplus in respect of that asset.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase and would be credited directly against the Revaluation Surplus to the extent of any previous impairments recognised against said reserve in respect of that asset.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

##### **7.2 Impairment of Non-cash Generating Assets**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the non-cash generating unit to which the asset belongs is determined.

The recoverable service amount of a non-cash generating asset is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

An impairment loss is recognised for non-cash generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

# FRANCES BAARD DISTRICT MUNICIPALITY

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in Surplus or Deficit.

### 8. FINANCIAL INSTRUMENTS

The municipality has various types of Financial Instruments and these can be broadly categorised as *Financial Assets*, *Financial Liabilities* or *Residual Interests* in accordance with the substance of the contractual agreement.

#### Initial Recognition

Financial Assets and Financial Liabilities are recognised when it becomes party to the contractual provisions of the instrument.

The municipality does not offset a Financial Asset and a Financial Liability unless a legally enforceable right to set off the recognised amounts currently exist and the municipality intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Fair Value Methods and Assumptions

The fair values of Financial Instruments are determined as follows:

- The fair values of quoted investments are based on current bid prices.
- If the market for a Financial Asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

#### 8.1 Financial Assets – Classification

The municipality has the following types of Financial Assets:

Type of Financial Asset	Classification in terms of GRAP 104
Long-term Receivables	Financial Assets at Amortised Cost
Receivables from Exchange Transactions	Financial Assets at Amortised Cost
Receivables from Non-exchange Transactions	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Investment Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Call Deposits	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Bank	Financial Assets at Amortised Cost
Bank, Cash and Cash Equivalents – Cash	Financial Assets at Fair Value
Current Portion of Long-term Receivables	Financial Assets at Amortised Cost

Cash includes cash-on-hand (including petty cash) and cash with banks (including call deposits). For the purposes of the Cash Flow Statement, Cash and Cash Equivalents comprise cash-on-hand and deposits held on call with banks, net of bank overdrafts.

#### 8.2 Financial Liabilities – Classification

The municipality has the following types of Financial Liabilities:

Type of Financial Liability	Classification in terms of GRAP 104
Long-term Liabilities	Financial Liabilities at Amortised Cost
Payables from Exchange Transactions	Financial Liabilities at Amortised Cost
Taxes and Transfers Payable	Financial Liabilities at Amortised Cost
Current Portion of Long-term Liabilities	Financial Liabilities at Amortised Cost

*Trade and Other Receivables* (excluding Value Added Taxation, Prepayments and Operating Lease receivables), Loans to Municipal Entities and Loans that have fixed and determinable payments that are not quoted in an active market are classified as *Financial Assets at Amortised Cost*.

## FRANCES BAARD DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

#### **8.3 Initial and Subsequent Measurement**

##### **8.3.1 Financial Assets:**

###### **Financial Assets measured at Amortised Cost**

*Financial Assets at Amortised Cost* are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at amortised cost using the *Effective Interest Method* less any impairment, with interest recognised on an *Effective Yield Basis*.

###### **Financial Assets measured at Cost**

*Financial Assets at Cost* are initially measured at the transaction amount and transaction costs that are directly attributable to the acquisition or issue of the Financial Asset. Subsequently, these assets are measured at cost less any impairment.

###### **Financial Assets measured at Fair Value**

*Financial Assets at Fair Value* are initially measured at fair value, excluding directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in Surplus or Deficit.

##### **8.3.2 Financial Liabilities:**

###### **Financial Liabilities measured at Fair Value**

*Financial Liabilities at Fair Value* are stated at fair value, with any resulted gain or loss recognised in Surplus or Deficit.

###### **Financial Liabilities held at Amortised Cost**

Any other Financial Liabilities are classified as *Other Financial Liabilities* (All Payables, Loans and Borrowings are classified as Other Liabilities) and are initially measured at fair value, net of transaction costs. Trade and Other Payables, Interest-bearing Debt including Finance Lease Liabilities, Non-interest-bearing Debt and Bank Borrowings are subsequently measured at amortised cost using the *Effective Interest Rate Method*. Interest expense is recognised in Surplus or Deficit by applying the effective interest rate.

Prepayments are carried at cost less any accumulated impairment losses.

#### **8.4 Impairment of Financial Assets**

Financial Assets, other than those at fair value, are assessed for indicators of impairment at the end of each reporting period. Financial Assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised through the use of an allowance account.

##### **8.4.1 Financial Assets at Amortised Cost**

A provision for impairment of Accounts Receivables is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables. The provision is made whereby the recoverability of accounts receivable is assessed individually and then collectively after grouping the assets in financial assets with similar credit risk characteristics. The amount of the provision is the difference between the Financial Asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Future cash flows in a group of Financial Assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

The carrying amount of the Financial Asset is reduced by the impairment loss directly for all Financial Assets carried at Amortised Cost with the exception of Consumer Debtors, where the carrying amount is reduced through the use of an allowance account. When a Consumer Debtor is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against revenue. Changes in the carrying amount of the allowance account are recognised in Surplus or Deficit.

##### **8.4.2 Financial Assets at Cost**

If there is objective evidence that an impairment loss has been incurred on an investment in a Residual Interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the Financial Asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

# FRANCES BAARD DISTRICT MUNICIPALITY

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

### **8.5 Derecognition of Financial Assets**

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expires or it transfers the Financial Asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non-recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred Financial Asset, the municipality continues to recognise the Financial Asset and also recognises a collateralised borrowing for the proceeds received.

### **8.6 Derecognition of Financial Liabilities**

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the Financial Liability (or part of a Financial Liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in Surplus or Deficit.

## **9. INVENTORIES**

### **9.1 Initial Recognition**

Inventories comprise current assets held-for-sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the Inventories to their current location and condition. Where Inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where Inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as Inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

### **9.2 Subsequent Measurement**

#### **9.2.1 Consumable Stores, Raw Materials, Work-in-Progress and Finished Goods**

Consumable stores distributed at no charge or for a nominal charge are valued at the lower of cost and current replacement cost. The cost is determined using the *weighted average Method*.

#### **9.2.2 Other Arrangements**

Redundant and slow-moving Inventories identified are written down from cost to current replacement cost, if applicable.

## **10. REVENUE RECOGNITION**

### **10.1 General**

Revenue is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

### **10.2 Revenue from Exchange Transactions**

#### **10.2.1 Rentals Received**

## **FRANCES BAARD DISTRICT MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019**

Revenue from the rental of facilities and equipment is recognised on a Straight-line Basis over the term of the lease agreement.

## FRANCES BAARD DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

#### 10.2.2 Finance Income

Interest earned on investments is recognised in Surplus or Deficit on the *Time-proportionate Basis* that takes into account the effective yield on the investment.

#### 10.2.3 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

- (a) The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) The amount of revenue can be measured reliably;
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

### 10.3 Revenue from Non-exchange Transactions

#### 10.3.1 Public Contributions

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

#### 10.3.2 Government Grants and Receipts

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs, are recognised in Surplus or Deficit in the period in which they become receivable.

Unspent conditional grants are financial liabilities that are separately reflected on the statement of financial position. They represent unspent government grants, subsidies and contributions from government organs.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the statement of financial performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the statement of financial performance.

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the statement of financial position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

Interest earned on investments is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor and if it is the municipality's interest, it is recognised as interest earned in Surplus or Deficit.

## FRANCES BAARD DISTRICT MUNICIPALITY

### ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

#### 10.3.3 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

The recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No 56 of 2003) and is recognised as revenue when the recovery thereof from the responsible councillors or officials became virtually certain in a financial period subsequent to the period when the actual unauthorised, irregular, fruitless and wasteful expenditure was incurred.

## 11. PROVISIONS

The best estimate of the expenditure required to settle the present obligation is the amount that the municipality would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the municipality, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it – this unavoidable cost resulting from the contract is the amount of the provision to be recognised.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in Surplus or Deficit as a finance cost as it occurs.

## 12. EMPLOYEE BENEFIT LIABILITIES

### 12.1 Short-term Employee Benefits

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

#### *Provision for Staff Leave*

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

#### *Staff Bonuses Accrued*

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

#### *Provision for Performance Bonuses*

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 56 employees, is recognised as it accrue to Section 56 employees. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

**FRANCES BAARD DISTRICT MUNICIPALITY**

**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019**

# FRANCES BAARD DISTRICT MUNICIPALITY

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

### 12.2 Post-employment Benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post-employment plans.

#### 12.2.1 Defined Contribution Plans

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in Surplus or Deficit in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### 12.2.2 Defined Benefit Plans

##### Post-retirement Health Care Benefits

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee. Not all Medical Aid Funds with which the municipality is associated, provide for continued membership.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the *Projected Unit Credit Method*, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out annually by independent qualified actuaries.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

##### Long-service Allowance

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The *Projected Unit Credit Method* is used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through Surplus or Deficit.

##### Provincially-administered Defined Benefit Plans

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the *Projected Unit Credit Method* basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

##### Defined Benefit Pension Plans

The municipality has an obligation to provide Post-retirement Pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The municipality contributes monthly to the funds.

The liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the *Projected Unit Credit Method*. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are recognised immediately in Surplus or Deficit.

Past-service costs are recognised immediately in Surplus or Deficit.

# FRANCES BAARD DISTRICT MUNICIPALITY

## ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019

### ***Ex gratia Gratuities***

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the statement of financial performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the statement of financial performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

### ***12.3 Provision for Staff Leave***

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

## **13. LEASES**

### ***13.1 The Municipality as Lessor***

Rental revenue from **Operating Leases** is recognised on a *Straight-line Basis* over the term of the relevant lease.

## **14. GRANTS-IN-AID**

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- (a) Receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- (b) Expect to be repaid in future; or
- (c) Expect a financial return, as would be expected from an investment.

These transfers are recognised in Surplus or Deficit as expenses in the period that the events giving rise to the transfer occurred.

## **15. VALUE ADDED TAX**

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

## **16. UNAUTHORISED EXPENDITURE**

Unauthorised Expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state, and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to Unauthorised Expenditure is accounted for as an expense in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

## **17. IRREGULAR EXPENDITURE**

## **FRANCES BAARD DISTRICT MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019**

Irregular Expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998), or is in contravention of the Municipality's or Municipal Entities' Supply Chain Management Policies. Irregular Expenditure excludes Unauthorised Expenditure. Irregular Expenditure is accounted for as an expense in Surplus or Deficit in the period it occurred and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

#### **18. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and Wasteful Expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to Fruitless and wasteful expenditure is accounted for as expenditure in Surplus or Deficit in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in Surplus or Deficit.

#### **19. MATERIAL LOSSES**

The MFMA requires the disclosure of material losses incurred during the year under review. The disclosure is provided in order to comply to the legislative requirements governing Municipalities and Municipal Entities.

Due to their significance, the complete calculation of water and electricity losses is provided, including the opening balance, purchases, sales and closing balance where applicable. The unit rate is the rate per the last purchase as inventory is measured based on the *First-In-First-Out Method* as defined by GRAP 12 (*Inventories*).

#### **20. CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

Contingent Assets and Contingent Liabilities are not recognised. Contingencies are disclosed in Notes to the Annual Financial Statements.

#### **21. COMMITMENTS**

Commitments are future expenditure to which the municipality committed and that will result in the outflow of resources. Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in Surplus or Deficit, but are included in the disclosure Notes. A distinction is made between capital and current commitments.

#### **22. RELATED PARTIES**

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Management is regarded as a related party and comprises the Councillors, Mayor, Executive Committee Members, Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

#### **23. EVENTS AFTER THE REPORTING DATE**

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as Non-adjusting Events after the Reporting Date have been disclosed in Notes to the Annual Financial Statements.

#### **24. BUDGET INFORMATION**

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the Accounting Policies adopted by the Council for the preparation of these Annual Financial Statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the statement giving reasons for overall growth or decline in the budget and motivations for over- or under spending on line items. The annual budget figures included in the Annual Financial Statements are for the municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is approved on an accrual basis by nature classification.

## **FRANCES BAARD DISTRICT MUNICIPALITY**

### **ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2019**

The approved budget covers the period from 1 July 2018 to 30 June 2019.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

2019  
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2018  
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#### 1. GENERAL INFORMATION

Frances Baard District Municipality is a local government institution in the Northern Cape, Kimberley, and has 4 local municipalities under its jurisdiction. The registered address of its office and principal place of business are disclosed under "General Information" included in the Annual Financial Statements and in the introduction and overview of the Annual Report ended 30 June 2019. The principal activities of the municipality are disclosed in the Annual Report.

#### 2. INVENTORIES

Consumables	362 518	341 561
<b>Total Inventories</b>	<b>362 518</b>	<b>341 561</b>
<b>Reconciliation:</b>		
Opening balance	341 561	337 673
Purchases	350 540	355 214
Issues	(327 710)	(351 326)
Adjustments	(1 872)	-
Closing Balance	362 518	341 561

Inventories are held for own use and measured at the lower of Cost and Current Replacement Cost. No write downs of Inventory to Net Realisable Value were required.

Stores issues amounted to R327 710 for the current year (2018: R351 326)

No Inventories have been pledged as collateral for Liabilities of the municipality.

#### 3. RECEIVABLES FROM EXCHANGE TRANSACTIONS

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2019</b>			
Service Debtors:			
Other Service Charges	1 963 340	88 121	1 875 219
Prepayments and Advances	1 069 031	-	1 069 031
Rent	-	-	-
Subscriptions	1 069 031	-	1 069 031
Other Debtors	1 161 322	-	1 161 322
<b>Total Receivables from Exchange Transactions</b>	<b>4 193 692</b>	<b>88 121</b>	<b>4 105 572</b>

Other service charges is made up of monthly charge for Dikgatlong refund on medical aid, post medical aid recovered from public works, billing recovered from government departments for using land which has not been transferred over to these government departments and debt recovered from employees, i.e. failed courses.

Prepayments and advances consist of SALGA subscription, advance insurance premiums and advance BAUD (asset system) premiums for the 2019/20 financial year.

Other debtors consist of accrued interest from investment accounts and disaster grant (COGHSTA) gazetted but not paid over to the municipality.

	Gross Balances R	Provision for Impairment R	Net Balances R
<b>As at 30 June 2018</b>			
Service Debtors:			
Other Service Charges	950 367	88 121	862 247
Prepayments and Advances	671 014	-	671 014
Rent	-	-	-
Subscriptions	671 014	-	671 014
Other Debtors	350 071	-	350 071
<b>Total Receivables from Exchange Transactions</b>	<b>1 971 452</b>	<b>88 121</b>	<b>1 883 331</b>

The municipality did not pledge any of its Receivables as security for borrowing purposes.

The management of the municipality is of the opinion that the carrying value of Receivables approximate their fair values.

The impairment on debtors of R88 120,53 is based on long outstanding debtors, who owe the municipality for more than 120 days. Refer to Note 29 for detail on impairment provision.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

2019  
R

2018  
R

**3.1 Ageing of Receivables from Exchange Transactions**

**As at 30 June 2019**

	Current	Past Due			Total
		0 - 30 days	31 - 60 Days	61 - 90 Days	
<b>Other Service Charges:</b>					
Gross Balances	513 526		255 887	86 478	1 107 448
Less: Provision for Impairment			-	-	88 121
<b>Net Balances</b>	<b>513 526</b>		<b>255 887</b>	<b>86 478</b>	<b>1 019 328</b>
					<b>1 875 219</b>
<b>Prepayments and Advances:</b>					
Gross Balances		1 069 031	-	-	-
<b>Net Balances</b>		<b>1 069 031</b>		<b>-</b>	<b>1 069 031</b>
<b>Other Debtors</b>					
Gross Balances		1 161 322	-	-	-
<b>Net Balances</b>		<b>1 161 322</b>		<b>-</b>	<b>1 161 322</b>

As at 30 June 2019 Receivables of R1 361 693 were past due, accounts older than 90 days were assessed and impaired in accordance with the municipal policy. The age analysis of these Receivables are as follows:

	Current	Past Due			Total Past Due
		0 - 30 days	31 - 60 Days	61 - 90 Days	
<b>All Receivables:</b>					
Gross Balances		255 887	86 478	1 107 448	1 449 813
Less: Provision for Impairment		-	-	88 121	88 121
<b>Net Balances</b>		<b>255 887</b>	<b>86 478</b>	<b>1 019 328</b>	<b>1 361 693</b>

**As at 30 June 2018**

	Current	Past Due			Total
		0 - 30 days	31 - 60 Days	61 - 90 Days	
<b>Other Service Charges:</b>					
Gross Balances	165 606		187 980	113 937	482 845
<b>Net Balances</b>	<b>165 606</b>		<b>187 980</b>	<b>113 937</b>	<b>950 367</b>
					<b>862 247</b>
<b>Prepayments and Advances:</b>					
Gross Balances	-		-	671 014	-
<b>Net Balances</b>	<b>-</b>		<b>-</b>	<b>671 014</b>	<b>671 014</b>
<b>Other Debtors</b>					
Gross Balances	-	350 071	-	-	-
<b>Net Balances</b>	<b>-</b>	<b>350 071</b>		<b>-</b>	<b>350 071</b>

As at 30 June 2018 Receivables of R1 717 725 were past due but not impaired. The age analysis of these Receivables are as follows:

	Current	Past Due			Total Past Due
		0 - 30 days	31 - 60 Days	61 - 90 Days	
<b>All Receivables:</b>					
Gross Balances		538 050	784 950	482 845	1 805 845
Less: Provision for Impairment		-	-	88 121	88 121
<b>Net Balances</b>		<b>538 050</b>	<b>784 950</b>	<b>394 724</b>	<b>1 717 725</b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

2019 R	2018 R
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**4. VAT RECEIVABLE**

Vat Receivable	1 926 871	3 663 078
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VAT Payable is the Net Payable from all VAT Control Accounts and agree to the VAT201 Returns.

Vat is payable on the receipts basis. Only once payment is received from debtors, VAT is paid over to SARS.

No interest is payable to SARS if the VAT is paid over timeously, but interest for late payments is charged according to SARS policies. The municipality has financial risk policies in place to ensure that payments are affected before the due date.

**5. INVESTMENTS**

Total Bank deposits	6 700 000	6 050 000
	6 700 000	6 050 000

Current Investments Movement during year:

Opening Balance	6 050 000	10 450 000
Invested	650 000	100 000
Redeemed/withdrawn	-	(4 500 000)
<b>Closing Balance</b>	<b>6 700 000</b>	<b>6 050 000</b>

Fixed deposit at Nedbank until 24 June 2020

**Difference Between Cashbook and Bankstatements**  
NEDBANK

2018/19		
Cashbook	Bankstatement	Difference
6 700 000	6 700 000	-

**Difference Between Cashbook and Bankstatements**  
NEDBANK

2017/18		
Cashbook	Bankstatement	Difference
6 050 000	6 050 000	-

**6. CASH AND CASH EQUIVALENTS**

Current Investments	66 501 000	51 001 000
Bank Accounts	5 062 862	67 505
Cash and Cash Equivalents	3 300	3 300
<b>Total Bank, Cash and Cash Equivalents</b>	<b>71 567 162</b>	<b>51 071 805</b>
<b>Net Bank, Cash and Cash Equivalents</b>	<b>71 567 162</b>	<b>51 071 805</b>

For the purposes of the Statement of Financial Position and the Cash Flow Statement, Cash and Cash Equivalents include Cash-on-Hand, Cash in Banks and Investments in Money Market Instruments, net of outstanding Bank Overdrafts.

**6.1 Current Investment Deposits**

Call Deposits	66 501 000	51 001 000
<b>Total Current Investment Deposits</b>	<b>66 501 000</b>	<b>51 001 000</b>

Call Deposits are investments with a maturity period of less than 3 months and earn interest rates varying from 6,00 % to 8,50 % (2018: 6,00 % to 8,50 %) per annum.

Notice Deposits are investments with a maturity period of less than 12 months and earn interest rates varying from 6,00 % to 8,50 % (2018: 6,00 % to 8,50 %) per annum.

Deposits attributable to Unspent Conditional Grants	92 314	206 662
Deposits attributable to Capital Replacement Reserve.	7 957 082	7 957 082
Deposits attributable to Payables	8 685 674	6 566 088
Deposits attributable to Current Provisions	9 514 535	8 490 003
Deposits attributable to Consumer Deposits	345	570
Deposits available for Operations	40 251 050	27 780 594
<b>Total Deposits attributable to Commitments of the Municipality</b>	<b>66 501 000</b>	<b>51 001 000</b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019 R	2018 R
<b>6.2 Bank Accounts</b>		
Cash in Bank	5 062 862	67 505
Bank Overdraft	-	-
<b>Total Bank Accounts</b>	<b>5 062 862</b>	<b>67 505</b>

The Municipality has the following bank accounts:

**Primary Bank Account**

*Standard Bank - Kimberley Business Centre - Primary Account:*

Cash book balance at beginning of year	67 505	4 597 819
Cash book balance at end of year	-	67 505

*ABSA - Northern Cape Provincial BNKG - Primary Account:*

Cash book balance at end of year	5 062 862	-
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*Standard Bank - Kimberley Business Centre - Primary Account:*

Bank statement balance at beginning of year	1 520 139	5 121 872
Bank statement balance at end of year	-	1 520 139

*ABSA - Northern Cape Provincial BNKG - Primary Account:*

Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	5 062 862	-

The municipality does not have any overdrawn current account facilities with its banker and therefore does not incur interest on overdrawn current accounts. Interest is earned at different rates per annum on favourable balances.

**Investment Account**

**Difference Between Cashbook and Bankstatements**

	2018/19	
	Cashbook	Bankstatement
ABSA	3 001 000	3 001 000
FNB	12 500 000	12 500 000
NEDBANK	25 000 000	25 000 000
Standard Bank	26 000 000	26 000 000
<b>Total Investments</b>	<b>66 501 000</b>	<b>66 501 000</b>

**Difference Between Cashbook and Bankstatements**

	2017/18	
	Cashbook	Bankstatement
ABSA	12 001 000	12 001 000
FNB	13 500 000	13 500 000
NEDBANK	15 500 000	15 500 000
Standard Bank	10 000 000	10 000 000
<b>Total Investments</b>	<b>51 001 000</b>	<b>51 001 000</b>

**6.3 Cash and Cash Equivalents**

Cash Floats and Advances	3 300	3 300
<b>Total Cash on hand in Cash Floats, Advances and Equivalents</b>	<b>3 300</b>	<b>3 300</b>

The municipality did not pledge any of its Cash and Cash Equivalents as collateral for its financial liabilities.

No restrictions have been imposed on the municipality in terms of the utilisation of its Cash and Cash Equivalents.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

2019	2018
R	R

#### **7. OPERATING LEASE RECEIVABLES**

Operating Leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of Non-cancellable Operating Leases the following assets have been recognised:

Balance at beginning of year	4 056	5 282
Operating Lease Revenue effected	(3 147)	(1 225)
<b>Total Operating Lease Receivables</b>	<b>909</b>	<b>4 056</b>

##### **7.1 Leasing Arrangements**

###### **The Municipality as Lessor:**

Operating Leases relate to Property owned by the municipality with lease terms of 60 months (2018/19: 60 months), with an option to extend.

All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

The property rental income earned by the municipality from its investment property, all of which is leased out under operating leases, amounted to R48 265 (2017: R44 714). Direct operating expenses arising on the investment property in the period amounted to R0 (2018: R0).

The property rental income earned by the municipality from its Investment Property, all of which is leased out under operating leases, amounted to R48 265 (2018: R44 714).

##### **7.2 Amounts receivable under Operating Leases**

At the Reporting Date the following minimum lease payments were receivable under Non-cancellable Operating Leases for Property, Plant and Equipment, which are receivable as follows:

Up to 1 year	909	1 946
2 to 5 years	-	516
<b>Total Operating Lease Arrangements</b>	<b>909</b>	<b>2 462</b>

The impact of charging the escalations in Operating Leases on a straight-line basis over the term of the lease has been an decrease of R0 (2018: increase of R0) in current year income.

The following restrictions have been imposed by the municipality in terms of the lease agreements:

- (i) The lessee shall not have the right to sublet, cede or assign the whole or any portion of the premises let.
- (ii) The lessor or its duly authorised agent, representative or servant shall have the right at all reasonable times to inspect the premises let.
- (iii) The lessee shall use the premises let for the sole purpose prescribed in the agreement.

#### **8. CURRENT PORTION OF LONG-TERM RECEIVABLES**

Employee Benefits - Roads Members	868 000	819 000
<b>Total Current Portion of Long-term Receivables</b>	<b>868 000</b>	<b>819 000</b>

Current portion of long-term receivables relate to post medical aid payments which the municipality made on behalf of retired Roads members, which is claimed back from the Department of Roads & Public Works on a monthly basis.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**9 PROPERTY, PLANT AND EQUIPMENT**

30 June 2019

Reconciliation of Carrying Value

Description	Land	Buildings	Community	Machinery and Equipment	Furniture and Office Equipment	Computer Equipment	Transport Assets	Other	Total
	R	R	R				R	R	R
<b>Carrying values at 01 July 2018</b>	<b>8 000 000</b>	<b>32 246 001</b>	<b>170 880</b>	<b>2 816 223</b>	<b>1 075 868</b>	<b>1 273 369</b>	<b>3 377 720</b>	<b>10 297 316</b>	<b>48 930 349</b>
Cost	8 000 000	8 880 241	1 118 253	6 331 095	7 060 979	5 016 555	9 289 541	29 452 306	47 450 800
- Completed Assets	8 000 000	-	1 118 253	6 331 095	7 060 979	5 016 555	9 289 541	27 698 171	36 816 424
- Under Construction	-	8 880 241	-	-	-	-	-	1 754 136	10 634 376
Revaluation	-	42 050 246	-	-	-	-	-	-	42 050 246
Accumulated Impairment Losses	-	-	-	-	-	-	-	-	-
Accumulated Depreciation:	-	-18 684 485	-947 373	-3 514 872	-5 985 111	-3 743 186	-5 911 821	-19 154 991	-38 786 849
- Cost	-	-	-947 373	-3 514 872	-5 985 111	-3 743 186	-5 911 821	-19 154 991	-20 102 363
- Revaluation	-	-18 684 485	-	-	-	-	-	-	-18 684 485
Acquisition of Assets	-	-	-	128 766	801 244	635 881	1 779 972	3 345 862	3 345 862
- Cost: Internal Funding	-	-	-	-	454 800	-	-	454 800	5 848 939
- Capital Under Construction: Internal Funding	-	5 394 139	-	-	-	-	-	-	-
Increases/Decreases in Revaluation	-	-	-	-	-	-	-	-	-
Depreciation:	-	-767 469	-56 939	-205 958	-384 259	-414 405	-1 094 669	-2 099 292	-2 923 699
- Based on Cost	-	-	-56 939	-205 958	-384 259	-414 405	-1 094 669	-2 099 292	-2 156 230
- Based on Revaluation	-	-767 469	-	-	-	-	-	-	-767 469
Carrying value of Disposals:	-	-	-2 776	-1 610	-5 251	-37 757	-19 900	-64 518	-67 294
- Cost	-	-	-17 851	-36 198	-95 514	-403 232	-230 000	-764 943	-782 794
- Accumulated Depreciation	-	-	15 075	34 587	90 263	365 475	210 100	700 425	715 500
- Based on Cost	-	-	15 075	34 587	90 263	365 475	210 100	700 425	715 500
Impairment Losses	-	-	-	-	-	-	-	-	-
Capital under Construction - Completed	-	-	-	-	-	-	-	-	-
<b>Carrying values at 30 June 2019</b>	<b>8 000 000</b>	<b>36 872 671</b>	<b>111 165</b>	<b>2 737 421</b>	<b>1 942 402</b>	<b>1 457 087</b>	<b>4 043 122</b>	<b>11 934 168</b>	<b>55 134 156</b>
Cost	8 000 000	14 274 380	1 100 402	6 423 664	8 221 509	5 249 204	10 839 513	32 488 025	55 862 807
- Completed Assets	8 000 000	-	1 100 402	6 423 664	7 766 709	5 249 204	10 839 513	30 279 090	39 379 492
- Under Construction	-	14 274 380	-	-	454 800	-	-	2 208 936	16 483 315
Revaluation	-	42 050 246	-	-	-	-	-	-	42 050 246
Accumulated Impairment Losses	-	-	-	-	-	-	-	-	-
Accumulated Depreciation:	-	-19 451 954	-989 237	-3 686 242	-6 279 108	-3 792 116	-6 796 391	-20 553 857	-40 995 048
- Cost	-	-	-989 237	-3 686 242	-6 279 108	-3 792 116	-6 796 391	-20 553 857	-21 543 094
- Revaluation	-	-19 451 954	-	-	-	-	-	-	-19 451 954

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**9 PROPERTY, PLANT AND EQUIPMENT (Continued)**

30 June 2018

**Reconciliation of Carrying Value**

Description	Land	Buildings	Community	Machinery and Equipment	Furniture and Office Equipment	Computer Equipment	Transport Assets	Other	Total
	R	R	R					0	0
<b>Carrying values at 01 July 2017</b>									
Cost	8 000 000	5 201 128	1 108 823	6 379 787	6 954 476	5 121 863	9 300 947	27 757 072	42 067 023
- Completed Assets	8 105 000	-	1 153 823	4 625 651	6 954 476	5 121 863	9 300 947	26 002 937	35 261 760
- Under Construction	-	5 651 128	-	1 754 136	-	-	-	1 754 136	7 405 264
Correction of error (Note N/A)	(105 000)	(450 000)	(45 000)	-	-	-	-	-	(645 000)
- Revaluation	45 000	(45 000)	-	-	-	-	-	-	-
- Transfer to investment assets	(150 000)	(450 000)	-	-	-	-	-	-	(600 000)
Revaluation	-	42 500 246	-	-	-	-	-	-	42 500 246
Accumulated Depreciation:	-	(18 139 236)	(833 760)	(3 232 920)	(5 547 329)	(3 596 037)	(4 379 756)	(16 756 043)	(35 729 039)
- Cost	-	-	(842 760)	(3 232 920)	(5 547 329)	(3 596 037)	(4 379 756)	(16 756 043)	(17 598 803)
- Revaluation	-	(18 275 190)	-	-	-	-	-	-	(18 275 190)
Correction of error (Note 43)		135 954	9 000						144 954
- Cost		155 316	9 000						9 000
- Revaluation		(19 362)							155 316
- Transfer to investment assets									(19 362)
Acquisition of Assets								-	-
- Cost: Internal Funding	-	-	9 430	14 582	150 362	311 035	-	475 979	485 409
- Capital Under Construction: Internal Funding	-	3 229 112	-	-	-	-	-	-	3 229 112
Depreciation:	-	(545 249)	(113 613)	(281 424)	(547 750)	(540 964)	(1 541 884)	(2 912 021)	(3 570 883)
- Based on Cost	-	-	(118 113)	(281 424)	(547 750)	(540 964)	(1 541 884)	(2 912 021)	(3 030 133)
- Based on Revaluation	-	(545 249)	4 500	-	-	-	-	-	(540 749)
Correction of error		-	4 500						
- Based on Cost									
- Based on Revaluation									
Carrying value of Disposals:	-	-	-	-	(36 786)	(24 162)	(1 586)	(62 535)	(62 535)
- Cost	-	-	-	-	(448 416)	(417 978)	(11 405)	(877 798)	(877 798)
- Accumulated Depreciation	-	-	-	-	411 629	393 815	9 819	815 264	815 264
- Based on Cost	-	-	-	-	411 629	393 815	9 819	815 264	815 264
- Based on Revaluation	-	-	-	-	-	-	-	-	-
Impairment Losses	-	-	-	-	-	-	-	-	-
<b>Carrying values at 30 June 2018</b>	<b>8 000 000</b>	<b>32 246 001</b>	<b>170 880</b>	<b>2 816 223</b>	<b>1 075 868</b>	<b>1 273 369</b>	<b>3 377 720</b>	<b>8 543 180</b>	<b>48 930 349</b>
Cost	8 000 000	8 880 241	1 118 253	6 331 095	7 060 979	5 016 555	9 289 541	27 698 171	47 450 800
- Completed Assets	8 000 000	-	1 118 253	6 331 095	7 060 979	5 016 555	9 289 541	27 698 171	36 816 424
- Under Construction	-	8 880 241	-	-	-	-	-	1 754 136	10 634 376
Revaluation	-	42 050 246	-	-	-	-	-	-	42 050 246
Accumulated Depreciation:	-	(18 684 485)	(947 373)	(3 514 872)	(5 985 111)	(3 743 186)	(5 911 821)	(19 154 991)	(38 786 849)
- Cost	-	-	(947 373)	(3 514 872)	(5 985 111)	(3 743 186)	(5 911 821)	(19 154 991)	(20 102 363)
- Revaluation	-	(18 684 485)	-	-	-	-	-	-	(18 684 485)

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

2019 R	2018 R
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**9 PROPERTY, PLANT AND EQUIPMENT (Continued)**

**9.1 Gross Carrying Amount of Property, Plant and Equipment that is fully depreciated and still in use**

There are no Property, Plant and Equipment that is fully depreciated at year-end and still in use by the municipality.

**9.2 Carrying Amount of Property, Plant and Equipment retired from active use and not classified as a Discontinued Operation**

No Property, Plant and Equipment were retired from active use and not classified as a Discontinued Operation during the financial year.

**9.3 Assets pledged as security**

The municipality did not pledge any of its assets as security.

**9.4 Impairment of Property, Plant and Equipment**

No impairment losses have been recognised on Property, Plant and Equipment of the municipality at the reporting date.

**9.5 Change in Estimate - Useful Life of Property, Plant and Equipment reviewed**

There was no change (2017/18: R0) in the estimated useful life of various assets of the municipality for the financial year.

**9.6 Land and Buildings carried at Fair Value**

The municipality's Land and Buildings are accounted for according to the fair value model. Revaluation is done every four years, and therefore no fair value was determined for the year under review.

**9.7 Delayed Projects**

Project Details	Delayed or Halted		
<b>Infrastructure Unit:</b>			
Project 1: Additional Offices	Delayed	12 091 573	6 697 435
<b>Reason:</b> Project experienced some delays and went beyond the projected completion date. These delays are beyond the control of the municipality, however the projects will be completed within the cost limits of the original contract amounts.			
<b>Fire Fighting &amp; Disaster Management</b>			
Project 1: Water Tanker	Delayed	-	-
<b>Reason:</b> Project experienced some delays in completing the project by the projected due date. These delays are beyond the control of the municipality, however the projects will be completed within the cost limits of the original contract amounts.			
Project 3: Disaster Management Centre	Delayed	2 182 806	2 182 806
<b>Reason:</b> Project experienced some delays and went beyond the projected completion date. These delays are beyond the control of the municipality, as the municipality is experiencing difficulty to remove the Department of Transport, Safety and Liason from the building in order to complete the project.			

**9.8 Expenditure incurred to repair and maintain**

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

Information and Communication Infrastructure	53 320	37 617
Computer Equipment	6 171	18 682
Furniture and Office Equipment	400 122	422 580
Machinery and Equipment	253 367	274 058
Other Assets - Buildings	597 682	330 129
Transport Assets	223 791	47 510
<b>Total Expenditure related to Repairs and Maintenance Projects</b>	<b>1 534 454</b>	<b>1 130 577</b>
<b>Total Repairs and Maintenance related to assets of Frances Baard District Municipality</b>	<b>1 534 454</b>	<b>1 130 577</b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019 R	2018 R
<b>10 INTANGIBLE ASSETS</b>		
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<u>412 698</u>	<u>579 865</u>
The movement in Intangible Assets is reconciled as follows:		
At Cost less Accumulated Amortisation and Accumulated Impairment Losses	<u>412 698</u>	<u>579 865</u>
The movement in Intangible Assets is reconciled as follows:		
	<b>Software Purchased</b>	<b>Total</b>
<b>Carrying values at 01 July 2018</b>	<b>579 865</b>	<b>579 865</b>
Cost	1 704 958	1 704 958
Accumulated Amortisation	(1 125 093)	(1 125 093)
Acquisitions:	-	-
Amortisation:	(167 167)	(167 167)
Purchased	(167 167)	(167 167)
<b>Carrying values at 30 June 2019</b>	<b>412 698</b>	<b>412 698</b>
Cost	1 704 958	1 704 958
Accumulated Amortisation	(1 292 260)	(1 292 260)
	<b>Software Purchased</b>	<b>Total</b>
<b>Carrying values at 01 July 2017</b>	<b>597 004</b>	<b>597 004</b>
Cost	1 555 958	1 555 958
Accumulated Amortisation	(958 954)	(958 954)
Acquisitions:	149 000	149 000
Purchased Internal Funding	149 000	149 000
Amortisation:	(166 139)	(166 139)
Purchased	(166 139)	(166 139)
Disposals:	-	-
<b>Carrying values at 30 June 2018</b>	<b>579 865</b>	<b>579 865</b>
Cost	1 704 958	1 704 958
Accumulated Amortisation	(1 125 093)	(1 125 093)

The amortisation expense has been included in the line item "Depreciation and Amortisation" in the Statement of Financial Performance (see Note 29).

All of the municipality's Intangible Assets are held under freehold interests and no Intangible Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Intangible Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

#### **10.1 Significant Intangible Assets**

Significant Intangible Assets, that did not meet the recognition criteria for Intangible Assets as stipulated in GRAP 102 and SIC 32, are the following:

(i) Website Costs incurred during the last two financial years, if applicable, have been expensed and not recognised as Intangible Assets. The municipality cannot demonstrate how its website will generate probable future economic benefits.

#### **10.2 Intangible Assets with Indefinite Useful Lives**

The municipality amortises all its Intangible Assets and no of such assets are regarded as having indefinite useful lives.

The useful lives of the Intangible Assets remain unchanged from the previous year.

#### **10.3 Impairment of Intangible Assets**

No impairment losses have been recognised on Intangible Assets of the municipality at the reporting date.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	<b>2019</b>	<b>2018</b>
	R	R

**10.4 Work-in-Progress**

The municipality had no capital projects for Intangible Assets which were not completed at year-end.

**10.5 Delayed Projects**

No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

**10.6 Expenditure incurred to repair and maintain**

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

Contracted Services	2 011 908	1 940 338
Licence fees	1 839 307.02	1 774 459.11
Website Maintenance	172 600.76	165 879.31
	<b>2 011 908</b>	<b>1 940 338</b>

**11 INVESTMENT PROPERTY**

The municipality did not have any property to be classified as Investment Property in terms of its Accounting Policies and Asset Management Policy at year-end.

At Fair Value	571 875	585 938
At Cost less Accumulated Depreciation		

The movement in Investment Property is reconciled as follows:

<b>Carrying values at 1 July 2018</b>	<b>585 938</b>	<b>600 000</b>
Cost	600 000	-
Fair Value	(14 063)	600 000
Accumulated Depreciation	-	-
Accumulated Impairment Losses	-	-
Acquisitions during the Year	-	-
Cost	-	-
Fair Value	-	-
Cost Adjustments	-	-
Direct	-	-
Subsequent Expenditure	-	-
Business Combinations	-	-
Depreciation during the Year	(14 063)	(14 063)
Impairment Losses during the Year	-	-
Fair Value Adjustments	-	-
Disposals during the Year:	-	-
At Cost	-	-
At Fair Value	-	-
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-
Reversal of Impairment Losses during the Year	-	-
Transfers during the Year:	-	-
At Cost	-	-
At Fair Value	-	-
At Accumulated Depreciation	-	-
Other Changes:	-	-
At Cost	-	-
At Fair Value	-	-
At Accumulated Depreciation	-	-
At Accumulated Impairment	-	-
<b>Carrying values at 30 June</b>	<b>571 875</b>	<b>585 938</b>
Cost	-	-
Fair Value	600 000	600 000
Accumulated Depreciation	(28 125)	(14 063)
Accumulated Impairment	-	-

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019 R	2018 R
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Revenue and Expenditure disclosed in the Statement of Financial Performance include the following:

Rental Revenue earned from Investment Property	48 265	44 714
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All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on Investment Property.

Refer to Appendix "B" for more detail on Investment Property.

***11.1 Investment Property carried at Fair Value***

The municipality's Investment Properties are accounted for according to the cost model and therefore no fair value has been determined.

***11.2 Impairment of Investment Property***

No impairment losses have been recognised on Investment Property of the municipality at the reporting date.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**12 HERITAGE ASSETS**

30 June 2019

**Reconciliation of Carrying Value**

Description	Significant Land and Buildings	National Parks	Works of Art, Antiques and Collections	Sculptures and Monuments	Archives	Total
	R	R	R	R	R	R
<b>Carrying values at 01 July 2018</b>	-	-	-	<b>631 417</b>	-	<b>631 417</b>
Cost	-	-	-	631 417	-	631 417
Under Construction	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
<b>Carrying values at 30 June 2019</b>	-	-	-	<b>631 417</b>	-	<b>631 417</b>
Cost	-	-	-	631 417	-	631 417
Under Construction	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-

**12 HERITAGE ASSETS**

30 June 2018

**Reconciliation of Carrying Value**

Description	Significant Land and Buildings	National Parks	Works of Art, Antiques and Collections	Sculptures and Monuments	Archives	Total
	R	R	R	R	R	R
<b>Carrying values at 01 July 2017</b>	-	-	-	<b>631 417</b>	-	<b>631 417</b>
Cost	-	-	-	631 417	-	631 417
Under Construction	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-
<b>Carrying values at 30 June 2018</b>	-	-	-	<b>631 417</b>	-	<b>631 417</b>
Cost	-	-	-	631 417	-	631 417
Under Construction	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Accumulated Impairment Losses	-	-	-	-	-	-

**12 HERITAGE ASSETS (Continued)**

All of the municipality's Heritage Assets are held under freehold interests and no Heritage Assets had been pledged as security for any liabilities of the municipality.

No restrictions apply to any of the Heritage Assets of the municipality.

Refer to Appendix "B" for more detail on Intangible Assets.

**12.1 Impairment of Heritage Assets**

No impairment losses have been recognised on Heritage Assets of the municipality at the reporting date.

**12.2 Heritage Assets measured after recognition using the Revaluation Model**

The municipality's Heritage Assets are accounted for according to the cost model and therefore no fair value has been determined.

**12.3 Work-in-Progress**

The municipality had no capital projects for Heritage Assets which were not completed at year-end.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**12.4 Delayed Projects**

No projects that are currently in progress are experiencing significant delays. No projects for the period was halted.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**11,5 Expenditure incurred to repair and maintain**

The following specific costs included in the amount of repairs and maintenance were incurred by municipality during the reporting period:

Contracted Services	3 550	-
	<b>3 550</b>	<b>-</b>

FRANCES BAARD DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019	2018
R	R

**13 LONG-TERM RECEIVABLES**

Employee Benefits	8 461 000	8 379 000
Total Long Term Receivables	<u>8 461 000</u>	<u>8 379 000</u>
Less: Current Portion transferred to Current Receivables:-		
Employee Benefits	868 000	819 000

**Non-Current Portion of Long Term Receivables**

868 000	819 000
<u>868 000</u>	<u>819 000</u>

7 593 000	7 560 000
<u>7 593 000</u>	<u>7 560 000</u>

**EMPLOYEE BENEFITS RECEIVABLES**

Municipality managed an agency service on behalf of the Department of Roads and Public Works until 30 June 2011. The service has been transferred back to the department from 01 July 2011. As per the agreement, the municipality will continue payment of the post-service medical aid premiums of the retired employees to the service provider. The department will refund the employees portion of the instalment and the members will be responsible for the employee portion. Outstanding amounts are treated as receivables from non-exchange transactions. The receivables is valued by actuaries on a yearly basis which forms part of the analysis as per the employee benefits, refer to note 21.

**14 CONSUMER DEPOSITS**

Other Deposits	345	570
Rental Properties	345	570
<b>Total Consumer Deposits</b>	<u>345</u>	<u>570</u>

**CONSUMER DEPOSITS - RENTAL PROPERTIES**

Consumer deposits comprise deposits for properties rented out by the municipality.

No interest is paid on Consumer Deposits held.

**15 PROVISIONS**

Performance Bonus	486 370	281 430
Current Portion of Employee Benefit Liabilities (See Note 19):		
Post-retirement Medical Aid Benefits Liability	2 307 000	2 124 000
Long-term Service Liability	2 215 000	2 004 000
92 000	92 000	120 000
Current Portion of Non-Current Provisions (See Note 21):		
Ex-gratia Pension	6 721 165	6 084 573
Leave	32 000	35 000
<b>Total Provisions</b>	<u>9 514 535</u>	<u>8 490 003</u>

The movement in provisions is reconciled as follows:

**Current Provisions:**

**Performance Bonus:**

Opening Balance	281 430	534 788
Increases	204 940	-
Reductions	-	(257 851)
Reversals	-	4 493
<b>Balance at end of year</b>	<u>486 370</u>	<u>281 430</u>

**Performance Bonuses** accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

	Medical Aid	Long-term Service
	R	R
<b>30 June 2019</b>		
Opening Balance	2 004 000	120 000
Actual employer benefit payments	211 000	(28 000)
<b>Balance at end of year</b>	<u>2 215 000</u>	<u>92 000</u>

	Medical Aid	Long-term Service
	R	R
<b>30 June 2018</b>		
Opening Balance	2 024 000	417 000
Current service cost	(20 000)	-
Actual employer benefit payments	-	(297 000)
<b>Balance at end of year</b>	<u>2 004 000</u>	<u>120 000</u>

**Current Portion of Non-Current Provisions:**

**Staff Benefit Provisions:**

	Leave Provision	Ex-gratia Pension
	R	R
<b>30 June 2019</b>		
Opening Balance	6 049 573	35 000
Increases	1 382 003	-
Payments Made	(742 412)	(3 000)
<b>Balance at end of year</b>	<u>6 689 165</u>	<u>32 000</u>

	Leave Provision	Ex-gratia Pension
	R	R
<b>30 June 2018</b>		
Opening Balance	5 983 323	35 000
Increases	736 152	-
Payments Made	(669 901)	-
<b>Balance at end of year</b>	<u>6 049 573</u>	<u>35 000</u>

**Ex-gratia Pensions** Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019	2018
R	R

**Leave Provision** Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

**Long Service Award** Long service awards are provided to employees who achieve certain pre-determined milestones of service within the municipality. The municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised.

**16 PAYABLES FROM EXCHANGE TRANSACTIONS**

Advance Payments	(36)	20 210
Bonus	1 743 240	1 696 191
Other Payables	29 179	44 073
Control, Clearing and Interface Accounts	-	16 963
Unallocated Deposits	29 179	27 109
Retentions	336 603	336 603
Trade Creditors	6 576 687	4 469 012
<b>Total Payables</b>	<b>8 685 674</b>	<b>6 566 088</b>

The average credit period on purchases is 30 days from the receipt of the invoice, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

The municipality did not default on any payment of its Creditors. No terms for payment have been re-negotiated by the municipality.

The management of the municipality is of the opinion that the carrying value of Creditors approximates their fair values.

**17 UNSPENT CONDITIONAL GRANTS AND RECEIPTS**

<b>17.1 Conditional Grants from Government</b>	<b>92 314</b>	<b>206 662</b>
National Government	-	206 662
Provincial Government	92 314	-
<b>Total Conditional Grants and Receipts</b>	<b>92 314</b>	<b>206 662</b>

The Unspent Conditional Grants and Receipts are invested in investment accounts until utilised.

See Note 23 for the reconciliation of Grants from Government and Note N/A for the reconciliation of Other Conditional Receipts. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

Refer to Appendix "F" for more detail on Conditional Grants.

**18 LONG-TERM LIABILITIES**

<b>Long-Term Liabilities</b>	-	-
Development Bank of South Africa	-	-
<b>Less: Current Portion transferred to Current Liabilities:-</b>	<b>-</b>	<b>2 455 416</b>
Development Bank of South Africa - Opening Balance	2 455 416	2 455 416
Development Bank of South Africa - Payment	(2 455 416)	2 455 416
<b>Non-Current Portion of Long-term Liabilities</b>	<b>-</b>	<b>2 455 416</b>

**18.1 Summary of Arrangements**

The fixed term loan is over a period of 10 years was taken up with the Development Bank of Southern Africa to construct a new council Chamber and offices. In terms of the service level agreement, as amended, the loan will be repaid in 18 six-monthly instalments with the first instalment payable on 31 December 2010 at a interest rate of 10.9 %. Interest payments commenced on 30 June 2009.

The fair value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Refer to Appendix "A" for more detail on Long-term Liabilities.

**18.2 Obligations under Borrowings**

Current Portion transferred to Current Liabilities:-	2 455 416	
Annuity and Bullet Loans	2 455 416	
<b>Total Borrowings</b>	<b>2 455 416</b>	

**18.3 Obligations under Borrowings**

The obligations under DBSA Loan is as follows:

	Minimum Lease Payments		Present Value of Minimum Lease Payments	
	2019 R	2018 R	2019 R	2018 R
<b>Amounts payable under borrowings:</b>				
Within one year	-	2 677 906	-	2 677 906
In the second to fifth years, inclusive	-	-	-	-
Over five years	-	-	-	-
	-	2 677 906	-	2 677 906
<b>Less: Future Finance Obligations</b>	<b>-</b>	<b>(222 490)</b>	<b>-</b>	<b>(222 490)</b>
<b>Present Value of Minimum Lease Obligations</b>	<b>-</b>	<b>2 455 416</b>	<b>-</b>	<b>2 455 416</b>
Less: Amounts due for settlement within 12 months (Current Portion)		2 455 416	2 455 416	
<b>Borrowings due for settlement after 12 months (Non-current Portion)</b>		<b>2 455 416</b>	<b>4 910 832</b>	
		2 455 415.96	2 455 415.96	

**19 EMPLOYEE BENEFIT LIABILITIES**

<b>Employee Benefit Liabilities</b>	<b>33 202 963</b>	<b>30 504 898</b>
Post-retirement Health Care Benefits Liability	31 091 999	28 513 999
Long Service Awards Liability	2 110 964	1 990 899
<b>Less: Current Portion of Employee Benefit Liabilities</b>	<b>(2 307 000)</b>	<b>(2 124 000)</b>
Post-retirement Health Care Benefits Liability	(2 215 000)	(2 004 000)
Long Service Awards Liability	(92 000)	(120 000)
<b>Non-Current Portion of Employee Benefit Liabilities</b>	<b>30 895 963</b>	<b>28 380 898</b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019 R	2018 R
<b>19.1 Post-retirement Health Care Benefits Liability</b>		
Opening balance	28 513 999	30 074 999
Interest cost	2 765 000	3 002 000
Current service cost	630 000	742 000
Actual employer benefit payments	(1 838 765)	(1 862 965)
Actuarial loss/ (gain) recognised in the year	1 021 765	(3 442 035)
Balance at end of Year	31 091 999	28 513 999
Transfer to Current Provisions	(2 215 000)	(2 004 000)
<b>Total Post-retirement Health Care Benefits Liability</b>	<b>28 876 999</b>	<b>26 509 999</b>

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2019 by Mr DT Mureriva, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligations, and the related current service costs and past service costs, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

In-service Members (Employees)	67	62
In-service Non-members (Employees)	36	36
Continuation Members (Retirees, widowers and orphans)	43	44
<b>Total Members</b>		
	<b>146</b>	<b>142</b>

The liability in respect of past service has been estimated as follows:

In-service Members	9 043 000	9 144 000
In-service Non-members	599 000	585 000
Continuation Members	21 449 999	18 784 999
<b>Total Liability</b>		
	<b>31 091 999</b>	<b>28 513 999</b>

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Hosmed
- Samwumed

The Current-service Cost for the year ending 30 June 2019 is estimated to be R2 765 000, whereas the cost for the ensuing year is estimated to be R3 537 354 (30 June 2018: R3 002 000 and R2 765 000 respectively).

**The principal assumptions used for the purposes of the actuarial valuations were as follows:**

Discount Rate	Yield Curve	
Health Care Cost Inflation Rate	Equal to CPI + 1	
Net Effective Discount Rate	Yield Curve Based	
Expected Rate of Salary Increase	7.50%	7.36%
Expected Retirement Age - Females	65	58
Expected Retirement Age - Males	65	58

	2019 R	2018 R
<b>Movements in the present value of the Defined Benefit Obligation were as follows:</b>		
Opening balance	28 513 999	30 074 999
Interest cost	2 765 000	3 002 000
Current service cost	630 000	742 000
Actual employer benefit payments	(1 838 765)	(1 862 965)
Actuarial loss/ (gain) recognised in the year	1 021 765	(3 442 035)
<b>Total Recognised Benefit Liability</b>	<b>31 091 999</b>	<b>28 513 999</b>

**The amounts recognised in the Statement of Financial Position are as follows:**

Present value of fund obligations	31 091 999	28 513 999
	31 091 999	28 513 999
<b>Unfunded Accrued Liability</b>		
<b>Total Benefit Liability</b>	<b>31 091 999</b>	<b>28 513 999</b>

**The history of fair values are as follows:**

	2019 R	2018 R	2017 R	2016 R	2015 R
Present Value of Defined Benefit Obligation	31 091 999	28 513 999	30 074 999	27 792 000	26 916 547
<b>Deficit</b>	<b>31 091 999</b>	<b>28 513 999</b>	<b>30 074 999</b>	<b>27 792 000</b>	<b>26 916 547</b>

Experienced adjustments on Plan Liabilities      2 578 000      (1 919 000)      2 356 040      41 820      6 739 754

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

<b>Increase:</b>	
Effect on the aggregate of the current service cost and the interest cost	1
Effect on the defined benefit obligation	1
<b>Decrease:</b>	
Effect on the aggregate of the current service cost and the interest cost	(1)
Effect on the defined benefit obligation	(1)

The effect of a 20% movement in the withdrawal rate is as follows:

The municipality expects to make a contribution of R4 416 765 (2018: R3 395 000) to the Defined Benefit Plans during the next financial year.

Refer to Note 42, "Multi-employer Retirement Benefit Information", to the Annual Financial Statements for more information regarding the municipality's other retirement funds that is Provincially and Nationally administered.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>19.2 Long Service Awards Liability</b>		
Opening Balance	1 990 899	1 953 000
Increases	456 000	493 000
Payments Made	(102 935)	(455 101)
Other Reductions	(233 000)	(297 000)
Reversals	-	297 000
Balance at end of Year	2 110 964	1 990 899
Transfer to Current Provisions	(92 000)	(120 000)
<b>Total Long Service Awards Liability</b>	<b>2 018 964</b>	<b>1 870 899</b>

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a Long-service Award is payable after 10 years of continuous service, and every 5 years of continuous service thereafter to 45 years, to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2019 by Mr DT Mureriva, Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

At year end, 93 (2018: 95) employees were eligible for Long-service Awards.

The Current-service Cost for the year ending 30 June 2019 is estimated to be R189 000, whereas the cost for the ensuing year is estimated to be R199 000 (30 June 2018: R493 000).

**The principal assumptions used for the purposes of the actuarial valuations were as follows:**

Cost Inflation Rate	CPI+1	7.06%
Expected Rate of Salary Increase	7.50%	6.50%
Expected Retirement Age - Females	65	63
Expected Retirement Age - Males	65	63

**Movements in the present value of the Defined Benefit Obligation were as follows:**

Opening Balance	1 990 899	1 953 000
Increases	456 000	493 000
Payments Made	(102 935)	(455 101)
Other Reductinos	(233 000)	(297 000)
Reversals	-	297 000
Increases (Passage of Time/Discounted Rate)	-	-

**Total Recognised Benefit Liability**

	2019 R	2018 R
<b>The amounts recognised in the Statement of Financial Position are as follows:</b>		
Present value of fund obligations	2 110 964	1 990 899
	2 110 964	1 990 899
Unfunded Accrued Liability	2 110 964	1 990 899
<b>Total Benefit Liability</b>	<b>2 110 964</b>	<b>1 990 899</b>

**The amounts recognised in the Statement of Financial Performance are as follows:**

Current service cost	189 000	230 000
Interest cost	239 000	202 000
Expected return on reimbursement rights	-	-
Actuarial losses / (gains)	(205 000)	61 000

**Total Post-retirement Benefit included in Employee Related Costs (Note 27)**

	2019 R	2018 R
<b>The history of experienced adjustments is as follows:</b>		
2019 R	2018 R	2017 R
Present Value of Defined Benefit Obligation	2 110 964	1 990 899

The effect of a 1% movement in the assumed rate of long service cost inflation is as follows:

<b>Increase:</b>		
Effect on the aggregate of the current service cost and the interest cost	414 000	135 800
Effect on the defined benefit obligation	2 262 000	674 285

<b>Decrease:</b>		
Effect on the aggregate of the current service cost and the interest cost	(355 000)	(121 700)
Effect on the defined benefit obligation	(1 973 000)	(611 740)

The municipality expects to make a contribution of R383 000 (2019: R428 000) to the defined benefit plans during the next financial year.

**20 NON-CURRENT PROVISIONS**

Ex-gratia Pension	108 000	108 910
<b>Total Non-current Provisions</b>		
	<b>108 000</b>	<b>108 910</b>

**The movement in Non-current Provisions are reconciled as follows:**

**Staff Benefit Provisions:**

<b>Ex-Gratia Pension</b>		
Opening Balance	108 910	114 001
Increases	33 180	29 000
Payments Made	(34 090)	(34 090)

<b>Balance at end of year</b>	<b>108 000</b>	<b>108 910</b>
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**21 RESERVES**

Capital Replacement Reserve	7 957 082	7 957 082
Revaluation Reserve	19 511 393	19 775 353
<b>Total Reserves</b>		
	<b>27 468 475</b>	<b>27 732 436</b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

2019	2018
R	R

**20.1 Capital Replacement Reserve**

The Capital Replacement Reserve arises from cash backed accumulated surplus for the replacement of capital infrastructure/equipment.

**Reconciliation of the Capital Replacement Reserve:**

Opening Balance	7 957 082	7 957 082
<b>Balance at end of year</b>	<b>7 957 082</b>	<b>7 957 082</b>

**20.2 Revaluation Reserve**

The Revaluation Reserve arises on the revaluation of Land and Buildings and qualifying Community Assets. Where revalued Land or Buildings are sold, the portion of the Revaluation Reserve that relates to that asset, and is effectively realised, is transferred directly to Accumulated Surplus.

**Reconciliation of Revaluation Reserve**

Opening Balance	19 775 353	20 039 314
Transfers to/from Accumulated Surplus	(263 961)	(263 961)
<b>Balance at end of year</b>	<b>19 511 393</b>	<b>19 775 353</b>

**22 ACCUMULATED SURPLUS**

Accumulated Surplus / (Deficit) due to the results of Operations	73 108 873	48 179 417
<b>Total Accumulated Surplus</b>	<b>73 108 873</b>	<b>48 179 417</b>

**Reconciliation of Accumulated Surplus:**

Opening Balance	48 179 417	40 430 960
Correction of Prior Period Error	-	84 208
Depreciation Offsets	263 961	263 961
Accumulated Surplus As Per Financial Performance	24 665 496	7 400 288
<b>Total Accumulated Surplus</b>	<b>73 108 873</b>	<b>48 179 417</b>

Refer to Statement of Changes in Net Assets for more detail and the movement on Accumulated Surplus.

**23 TRANSFERS AND SUBSIDIES RECEIVED**

Capital Grants	2 521 000	-
Monetary Allocations	2 521 000	-
Operational Grants	123 192 389	117 698 568
Monetary Allocations	123 192 389	117 698 568
<b>Total Government Grants and Subsidies</b>	<b>125 713 389</b>	<b>117 698 568</b>

**23.1 Capital Grants**

National Governments	2 521 000	2018
<b>Total Capital Grants Received</b>	<b>2 521 000</b>	<b>-</b>

**23.2 Operational Grants**

SETA: Skills grant	73 704	2018
National Governments	1 000 000	4 111 462
National Revenue Fund	116 209 000	112 317 000
ABSA	-	40 000
Provincial Government	5 909 686	1 129 956
<b>Total Operational Grants Received</b>	<b>123 192 389</b>	<b>117 698 568</b>

**23.3 Calculation of Cash Flow:**

Government Grants and Subsidies Income	125 713 389	2018
Opening Balance of Unspent Government Grants	(206 662)	(471 699)
Closing Balance of Unspent Government Grants (reconcile with note 16)	92 314	206 662
<b>Total Receipts for Government Grants and Subsidies</b>	<b>125 599 041</b>	<b>117 433 532</b>

**23.4 Reconciliation per Grant Source**

**23.4.1 National Governments**

Balance unspent at beginning of year	4 538	-
Current year receipts	120 843 000	117 601 001
Conditions met - transferred to Revenue	(120 847 538)	(117 394 338)
Conditions still to be met - transferred to Current Liabilities (see Note 17)	-	<b>206 662</b>

These grants have been used to fund operations within the municipality, the grants consist of Equitable Share, EPWP, RRAMS and FMG received from National Government.

**23.4.2 National Revenue Fund - Fuel Levy & Equitable Share**

Current year receipts	116 209 000	2018
Conditions met - transferred to Revenue	(116 209 000)	(112 317 000)
Conditions still to be met - transferred to Current Liabilities (see Note 17)	-	-

This grant has been used to fund operational expenses within the municipality.

**22.4.1.2 Rural Road Asset Management System Grant (RRAMS)**

Current year receipts	2 521 000	2 516 000
Conditions met - transferred to Revenue	(2 521 000)	(2 516 000)
Conditions still to be met - transferred to Current Liabilities (see Note 22)	-	-

**22.4.1.3 Financial Management Grant (FMG)**

Current year receipts	1 000 000	1 250 001
Conditions met - transferred to Revenue	(1 000 000)	(1 250 001)
Conditions still to be met - transferred to Current Liabilities (see Note N/A)	-	-

**22.4.1.3 Extended Public Works Programme (EPWP)**

Balance unspent at beginning of year	202 124	-
Current year receipts	1 113 000	1 168 000
Conditions met - transferred to Revenue	(1 113 000)	(965 876)
Other Adjustments/Refunds	(202 124)	-
Conditions still to be met - transferred to Current Liabilities (see Note N/A)	-	<b>202 124</b>

**FRANCES BAARD DISTRICT MUNICIPALITY**  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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**23.4.3 SETA: Skills grant**

Balance unspent at beginning of year	-	-
Current year receipts	73 704	100 150
Conditions met - transferred to Revenue	(73 704)	(100 150)
Conditions still to be met - transferred to Current Liabilities (see Note 17)	-	-
<b>LGSETA: This grant has been used to fund training within the municipality. No funds have been withheld.</b>		

**23.4.4 Provincial Government**

Balance unspent at beginning of year	-	250 000
Current year receipts	5 909 686	1 129 956
Conditions met - transferred to Revenue	(5 817 371)	(250 000)
Conditions still to be met - transferred to Current Liabilities (see Note 17)	<b>92 314</b>	<b>1 129 956</b>

These grants were used for operation and maintenance of clean up amenities (KHOTSO PULA NALA) and HIV/AIDS awareness (AIDS Grant) from provincial government. An outstanding amount of R389 000 which was gazetted was not received from COGHSTA, which accounted as an accrued income for the 2018/19 financial year.

**23.4.5 Public Corporations**

Balance unspent at beginning of year	-	40 000
Current year receipts	-	164 080
Conditions met - transferred to Revenue	-	(204 080)
Conditions still to be met - transferred to Current Assets (see Note )	-	-

These grants were used for special projects within units such as Tourism and LED.

**24 SALES OF GOODS AND RENDERING OF SERVICES**

Other Revenue	74 620	285 736
<b>Total Sales of Goods and Rendering of Services</b>	<b>74 620</b>	<b>285 736</b>

**25 RENTAL FROM FIXED ASSETS**

<b>Straight-lined Operating Lease Revenue</b>		
Other Fixed Assets	857 756	958 445

<b>Other Rental income</b>		
Ad-hoc Rental Income from Other Fixed Assets	-	44 714
<b>Total Rental of Facilities and Equipment</b>	<b>857 756</b>	<b>1 003 158</b>

Rental income generated are at market related premiums, besides an agreement reached with the Provincial Legislature for the free use of the council chambers. All other rental income recognised is therefore market related.

**26 INTEREST RECEIVED**

<b>External Investments:</b>		
Bank Account	216 747	270 247
Other Deposits	6 511 945	5 560 042

<b>Total Exchange Interest Earned</b>	<b>6 728 692</b>	<b>5 830 289</b>
	<b>6 728 692</b>	<b>5 830 289</b>

**26.1 Calculation of Cash Flow:**

External Interest Income	6 728 692	5 830 289
<b>Total Receipts for Interest Received</b>	<b>6 728 692</b>	<b>5 830 289</b>

**27 EMPLOYEE RELATED COSTS**

Salaries and Wages		
Basic	41 073 854	40 232 404
Long Service Awards	(16 000)	291 000
Actual Long Service Awards Paid	189 000	230 000
Actuarial (Gain)/Loss on Long Service Awards for the year	(205 000)	61 000

Bonus	204 940	4 493
Leave Payments	1 382 003	736 152
Overtime	211 327	195 570

Allowances		
Bonus	2 857 856	2 982 849
Cellular and Telephone	267 697	204 938
Housing Benefits	430 501	370 687
Scarcity Allowance	-	803 676
Travel or Motor Vehicle	3 204 046	3 651 989

Social Contributions		
Bargaining Council	14 358	13 588
Group Life Insurance	442 941	462 086
Medical	2 405 999	1 809 658
Pension	5 134 217	5 642 909
Unemployment Insurance	217 900	210 180

Post-retirement Benefit		
Current Service Cost	630 000	742 910
Interest Cost	2 221 000	2 344 000
Actuarial Gains and Losses	967 445	(2 781 644)

<b>Total Employee Related Costs</b>	<b>61 650 082</b>	<b>57 917 444</b>
	<b>61 650 082</b>	<b>57 917 444</b>

<b>27.1 Calculation of Cash Flow:</b>		
Employee Related Costs Expenditure	61 650 082	57 917 444
Opening Balance of Current Employee Benefit Liabilities	2 124 000	2 441 000
Closing Balance of Current Employee Benefit Liabilities	(2 307 000)	(2 124 000)
Opening Balance of Current Staff Benefit Provisions	6 084 573	6 018 323
Closing Balance of Current Staff Benefit Provisions	(6 721 165)	(6 084 573)
Opening Balance of Non-current Employee Benefit Liabilities	28 380 898	29 586 999
Closing Balance of Non-current Employee Benefit Liabilities	(30 895 963)	(28 380 898)
Opening Balance of Non-current Staff Benefit Provisions	108 910	114 001
Closing Balance of Non-current Staff Benefit Provisions	(108 000)	(108 910)

<b>Total Payments for Employee Related Costs</b>	<b>58 316 335</b>	<b>59 379 384</b>
	<b>58 316 335</b>	<b>59 379 384</b>

No advances were made to employees.

FRANCES BAARD DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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**Remuneration of Section 56 Employees:**

*Remuneration of the Municipal Manager - Ms ZM Bogatsu*

Annual Remuneration	1 364 767	1 373 622
Bonus	-	99 369
Performance Bonus	113 970	130 920
Car and Other Allowances	113 954	764 860
Company Contributions to UIF, Medical and Pension Funds	1 881	232 523
<b>Total</b>	<b>1 594 572</b>	<b>2 601 295</b>

*Remuneration of the Acting Director Financial Services - Ms. O Moseki*

Annual Remuneration	310 881	302 423
Bonus	-	53 333
Performance Bonus	14 609	63 466
Car and Other Allowances	72 862	54 910
Company Contributions to UIF, Medical and Pension Funds	68 134	44 102
<b>Total</b>	<b>466 486</b>	<b>518 233</b>

*Remuneration of the Executive Director Administration - Mrs. KG Gaborone*

Annual Remuneration	1 060 287	1 466 021
Performance Bonus	90 970	-
Car and Other Allowances	123 238	19 500
Company Contributions to UIF, Medical and Pension Funds	1 881	-
<b>Total</b>	<b>1 276 377</b>	<b>1 485 521</b>

*Remuneration of Executive Director: Infrastructure Services - Mr PJ van der Walt*

Annual Remuneration	-	268 178
Performance Bonus	-	63 466
Car and Other Allowances	-	105 225
<b>Total</b>	<b>-</b>	<b>436 869</b>

*Remuneration of Acting Executive Director: Infrastructure Services - Mr D Makaleni*

Annual Remuneration	127 664	147 100
Car and Other Allowances	27 545	46 460
Company Contributions to UIF, Medical and Pension Funds	7 423	32 452
<b>Total</b>	<b>162 632</b>	<b>226 013</b>

*Remuneration of Acting Executive Director: Planning & Development - Mr F Netshivhodza*

Annual Remuneration	265 326	245 621
Bonus	-	46 258
Car and Other Allowances	70 864	78 551
Company Contributions to UIF, Medical and Pension Funds	59 185	48 741
<b>Total</b>	<b>417 193</b>	<b>419 171</b>

**Summary of Remuneration of Section 56 Employees:**

All Managers	3 917 260	5 687 102
<b>Total Remuneration of Section 56 Employees</b>	<b>3 917 260</b>	<b>5 687 102</b>

The annual performance evaluation of the senior managers was not conducted due to delay in compilation of the evaluation committee. This is a non-compliance with section 27 of The Regulation of the Municipal Performance.

**28 REMUNERATION OF COUNCILLORS**

Executive Mayor	910 530	868 296
Basic Salaries	859 470	638 209
TravelAllowances	-	189 387
CellphoneAllowances	51 060	37 400
Speaker	716 382	598 855
Basic Salaries	672 937	418 730
SittingAllowances	-	3 060
TravelAllowances	-	139 572
CellphoneAllowances	43 445	34 453
Any Other Benefits	-	3 040
Mayoral committee members	3 241 772	2 973 690
Basic Salaries	2 399 328	2 257 183
TravelAllowances	634 505	538 907
CellphoneAllowances	207 940	163 200
Any Other Benefits	-	14 400
MPAC Chairperson	313 699	295 290
Basic Salaries	235 274	221 468
TravelAllowances	78 425	73 822
Total for All Other Councillors	1 517 335	1 830 601
Basic Salaries	975 142	1 212 967
SittingAllowances	207 398	253 532
TravelAllowances	153 495	138 402
CellphoneAllowances	181 300	207 400
Any Other Benefits	-	18 300
<b>Total Councillors' Remuneration</b>	<b>6 699 719</b>	<b>6 566 732</b>

**29 DEPRECIATION AND AMORTISATION**

Depreciation: Property, Plant and Equipment	2 923 699	3 570 883
Depreciation: Investment Property	14 063	14 063
Amortisation: Intangible Assets	167 167	166 138
<b>Total Depreciation and Amortisation</b>	<b>3 104 929</b>	<b>3 751 084</b>

**29.1 Depreciation: Property, Plant and Equipment**

Community Assets	56 939	113 613
Computer Equipment	-	-
Furniture and Office Equipment	-	-
Buildings	767 469	545 249
Machinery and Equipment	-	-
Other Assets	2 099 292	2 912 021
Transport Assets	-	-
<b>2 923 699</b>	<b>3 570 883</b>	

**30 IMPAIRMENT LOSSES**

Impairment Losses on Current Assets	-	88 121
<b>Total Impairment Losses</b>	<b>-</b>	<b>88 121</b>
<b>30.1 Impairment Losses on Debtors</b>		
Total Impairment Losses on Debtors	-	88 121
<b>Total Impairment Losses on Debtors</b>	<b>-</b>	<b>88 121</b>

The provision for bad debts remained unchanged in the 2018/19 financial year, as the same amount of R88 120.53 was outstanding for more than 120 days. The remaining debt of R1 031 740.30 which is older than 120days consist of current debt being recovered from employees and government departments.

FRANCES BAARD DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 R	2018 R
<b>31 INTEREST PAID</b>		
Interest Paid	203 899	451 109
Borrowings	<u>203 899</u>	<u>451 109</u>
Total Interest Expense	203 899	451 109
<b>Total Interest, Dividends and Rent on Land</b>	<b><u>203 899</u></b>	<b><u>451 109</u></b>
<b>31.1 Calculation of Cash Flow:</b>		
Finance Cost Expenditure	203 899	451 109
<b>Total Payments for Finance Costs</b>	<b><u>203 899</u></b>	<b><u>451 109</u></b>
<b>32 INVENTORY CONSUMED</b>		
Materials and Supplies	1 245 543	1 454 790
	<u>1 245 543</u>	<u>1 454 790</u>
<b>33 TRANSFERS AND SUBSIDIES PAID</b>		
<b>Capital Grants</b>		
Allocations In-kind	-	10 269 390
<b>Operational Grants</b>		
Allocations In-kind	7 305 733	14 526 419
Monetary Allocations	<u>7 055 733</u>	<u>12 646 220</u>
Total Transfers and Subsidies Paid	<u>7 305 733</u>	<u>24 795 809</u>
<b>33.1 Capital Grants</b>		
	Allocations In-kind	Monetary Allocations
	2019	2018
Local Municipalities	-	10 210 942
Non-profit Institutions	-	58 449
<b>Total Capital Grants Paid</b>	<b><u>-</u></b>	<b><u>10 269 390</u></b>
<b>33.2 Operational Grants</b>		
	Allocations In-kind	Monetary Allocations
	2019	2018
Departmental Agencies and Accounts	-	192 537
Local Municipalities	6 537 173	12 301 328
Households	410 960	249 550
Non-profit Institutions	107 600	95 341
<b>Total Operational Grants Paid</b>	<b><u>7 055 733</u></b>	<b><u>12 646 220</u></b>
	2019	2018
	-	-
	250 000	1 439 357
	-	228 595
	-	19 711
	<b><u>250 000</u></b>	<b><u>1 880 199</u></b>

Allocations in kind made to local municipalities consist of assistance on operational repairs to infrastructure assets.  
Money is not transferred to local municipalities but paid directly to the suppliers or a refund is made to the municipalities on expenditure already incurred. The monetary allocation was made to Sol Plaatje Municipality for environmental health services they provided on behalf of the municipality.

The allocation in kind made to households consist of materials which the municipality bought during special projects which was provided to community members.

The allocation in kind made non-profit institutions consist of equipment given to schools during the tourism business competition held on a yearly basis.

FRANCES BAARD DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

**34 GENERAL EXPENDITURE**

	2019 R	2018 R
<b>OPERATIONAL COSTS</b>	<b>10 321 500</b>	<b>9 876 930</b>
Advertising, Publicity and Marketing	1 038 565	998 491
Bank Charges, Facility and Card Fees	64 694	68 404
Bursaries (Employees)	185 924	156 460
Cleaning Services	10 147	27 644
Communication	39 822	32 842
Entertainment	142 090	274 619
External Audit Fees	2 009 224	1 928 678
External Computer Service	396 819	361 577
Fines and Penalties-SARS	47 513	-
Honoraria (Voluntarily Workers)	7 200	-
Insurance Underwriting	527 030	341 074
Licences	23 024	20 092
Municipal Services	2 305 204	1 256 924
Printing, Publications and Books	95 164	86 654
Professional Bodies, Membership and Subscription	771 758	671 194
Registration Fees	141 491	194 556
Resettlement Cost	58 210	234 700
Skills Development Fund Levy	520 732	550 557
Toll Gate Fees	23 284	20 056
Transport Provided as Part of Departmental Activities	199 453	74 088
Travel and Subsistence	1 458 513	2 178 779
Uniform and Protective Clothing	44 210	48 633
Wet Fuel	909	992
Workmen's Compensation Fund	210 519	349 915
<b>Outsourced Services</b>	<b>12 539 012</b>	<b>7 936 570</b>
Burial Services	7 700	3 600
Business and Advisory	11 307 601	6 746 567
Catering Services	401 675	343 389
Security Services	822 036	843 014
<b>Consultants and Professional Services</b>	<b>389 451</b>	<b>25 190</b>
Infrastructure and Planning	369 928	-
Legal Cost	19 523	25 190
<b>Contractors</b>	<b>5 181 804</b>	<b>4 524 292</b>
Employee Wellness	281 776	230 866
Event Promoters	299 734	312 783
Exhibit Installations	274 258	236 954
Graphic Designers	97 965	54 520
Maintenance of Buildings and Facilities	593 137	322 988
Maintenance of Equipment	840 484	762 570
Maintenance of Computer Software	2 139 811	1 977 956
Sports and Recreation	293 700	238 100
Stage and Sound Crew	360 939	387 555
<b>Total General Expenditure</b>	<b>28 431 766</b>	<b>22 362 983</b>

**34.1 Calculation of Cash Flow:**

Expenditure for Operational Costs	Note 34	(28 431 766)	(22 362 983)
Expenditure for Transfers and Subsidies Paid	Note 33	(7 305 733)	(24 795 809)
<b>Total for Other Payments</b>		<b>(35 737 499)</b>	<b>(47 158 792)</b>

**34.2 Travel and Subsistence**

<b>Domestic</b>	<b>1 458 513</b>	<b>2 178 779</b>
Accommodation	800 543	1 218 446
Daily Allowance	120 861	144 221
Food and Beverage (Served)	76 446	100 796
Transport without Operator	292 528	363 575
Transport with Operator	168 136	351 741
	<b>1 458 513</b>	<b>2 178 779</b>

No other extra-ordinary expenses were incurred.

**35 LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT**

Property, Plant and Equipment	(67 294)	(29 393)
<b>Total Gains / (Losses) on Disposal of Capital Assets</b>	<b>(67 294)</b>	<b>(29 393)</b>
<b>Total Gains and Losses</b>	<b>67 292</b>	<b>29 393</b>

**36 CHANGE IN PRIOR PERIOD ERROR**

<b>36.1 Investments</b>	
Amount previously reported: Note 5	100 000
Amount currently reported	605 000

<b>36.2 Delayed projects</b>	
Amount previously reported: Note 9	(1 754 136)
Amount currently reported	6 697 435

<b>36.3 Borrowings</b>	
Amount previously reported: Note 17,3	2 900 396
Amount currently reported	2 455 416

<b>36.4 Post retirement health care benefit</b>	
Amount previously reported: Note 18,1	30 517 999
Amount currently reported	26 509 999

Amount previously reported: Note 18,1	2 004 000
Amount currently reported	(2 004 000)

<b>36.5 Long service award</b>	
Amount previously reported: Note 18,2	2 110 899
Amount currently reported	1 870 899

The amounts mentioned above consist of calculation errors in the prior year and have no effect on the amounts disclosed in the statement of financial position; financial performance and cash flows as reported on 30 June 2018,

<b>36.6 Restated depreciation</b>	
Amount previously reported 29 (2017/18)	3 877 476
Amount currently reported 29 (2017/18)	3 751 084

<b>36.7 Investment Property</b>	
Amount previously Reported - Note 11	-
Amount currently Reported - Note 11	585 938

<b>36.7 Property, plant &amp; equipment</b>	
Amount previously Reported - Note 9	49 389 894
Amount currently Reported - Note 9	48 930 349

<b>36.7 Accumulated Surplus</b>	
Amount previously Reported - Note 22	48 053 024
Amount currently Reported - Note 22	48 179 417

<b>36.8 Provisions</b>	
Amount previously Reported - Note 15	665 452
Amount currently Reported - Note 15	(669 901)

Amount previously Reported - Note 15	(599 201)
Amount currently Reported - Note 15	736 152

**37 CASH GENERATED BY OPERATIONS**

Surplus / (Deficit) for the Year	24 665 496	7 400 288

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**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

	2019 R	2018 R
Depreciation and Amortisation	3 104 929	3 751 084
Losses / (Gains) on Disposal of Property, Plant and Equipment	67 292	29 393
Contribution to Post-retirement Employee Benefits	4 416 765	301 965
Expenditure incurred from Post-retirement Employee Benefits	(1 838 765)	(1 862 965)
Contribution to Long Service Awards Liability	456 000	493 000
Expenditure incurred from Long Service Awards Liability	(102 935)	(455 101)
Contribution to Provisions - Non-current	33 180	29 000
<b>Operating surplus before working capital changes</b>	<b>31 006 902</b>	<b>9 686 664</b>
Decrease/(Increase) in Inventories	(20 958)	(3 888)
Decrease/(Increase) in Receivables from Exchange Transactions	(2 222 241)	(199 344)
Decrease/(Increase) in VAT Receivable	1 736 207	(300 486)
Decrease/(Increase) in Operating Lease Receivables	3 147	1 225
Decrease/(Increase) in Current Portion of Long-term Receivables	(49 000)	-
Increase/(Decrease) in Consumer Deposits	(225)	-
Increase/(Decrease) in Payables from Exchange Transactions	2 119 586	(6 678 011)
Increase/(Decrease) in Conditional Grants and Receipts	(114 348)	(265 036)
<b>Cash generated by / (utilised in) Operations</b>	<b>32 459 070</b>	<b>2 241 124</b>

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**38 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

**38.1 Unauthorised Expenditure**

To management's best of knowledge no Unauthorised Expenditure was incurred during the year under review.

Reconciliation of Unauthorised Expenditure:

Opening balance		
- As previously stated		
- Correction of error		
Unauthorised Expenditure		
- Current Year		
- Prior Year		
Approved by Council or condoned		
- Current Year		
- Prior Year		
To be recovered – contingent asset (see Note 59)		
- Current Year		
- Prior Year		
Transfer to receivables for recovery (see Note 4)		
- Current Year		
- Prior Year		
Unauthorised Expenditure awaiting authorisation		

**38.2 Fruitless and Wasteful Expenditure**

Reconciliation of Fruitless and Wasteful expenditure:

Opening balance	1 207	1 207
- As previously stated	1 207	1 207
Fruitless and Wasteful Expenditure current year	5 323	188 179
- Current Year	5 323	188 179
Condoned or written off by Council	-	(188 179)
- Current Year	-	(188 179)
Transfer to receivables for recovery (see Note 4)	(5 323)	-
- Current Year	(5 323)	-
Fruitless and Wasteful Expenditure awaiting condonement	1 207	1 207

Incident	Disciplinary Steps / Criminal Proceedings	2019	2018
Independent Newspaper (PTY) LTD - R0 (2018: R10 309)	Written Off	-	10 309
Independent Newspaper (PTY) LTD - R0 (2018: R1 513)	Written Off	-	1 513
Nandos - R0 (2018: R407)	Written Off	-	407
KFC - R0 (2018: R179)	Written Off	-	179
Mr Chocche - R0 (2018: R1 459)	Written Off	-	1 459
Tiso Black Starr Group PTY LTD - R0 (2018: R82 422)	Written Off	-	82 422
Rennies Travel - R0 (2018: R1 782)	Written Off	-	1 782
S&T Mr M Chonco - R0 (2018: R11 663)	Written Off	-	11 663
S&T Mr T Jood - R0 (2018: R3 645)	Written Off	-	3 645
S&T Mr P Mathebula - R0 (2018: R16 951)	Written Off	-	16 951
Rennies Travel - R0 (2018: R8 229)	Written Off	-	8 229
Rennies Travel - R0 (2018: R3 116)	Written Off	-	3 116
Rennies Travel - R0 (2018: R18 271)	Written Off	-	18 271
Rennies Travel - R0 (2018: R2 800)	Written Off	-	2 800
Managed Integrity Evaluation (PTY) LTD - R0 (2018: R1 886)	Written Off	-	1 886
Work Dynamics (PTY) LTD - R0 (2018: R21 862)	Written Off	-	21 862
Robbie Piernaar - R5 323 (2018: R0)	To be recovered	5 323	
Rennies Travel - R0 (2018: R1 685)	Written Off	-	1 685
		5 323	188 179

**38.3 Irregular Expenditure**

Reconciliation of Irregular Expenditure:

Opening balance	3 551 500	2 936 309
- As previously stated	3 551 500	-
- Correction of error	-	-
Irregular Expenditure current year	5 901 376	3 876 500
- Current Year	5 901 376	3 681 910
- Prior Year	-	194 590
Condoned or written off by Council	(9 421 186)	(3 261 309)
- Current Year	(5 869 686)	(3 066 719)
- Prior Year	(3 551 500)	(194 590)
Irregular Expenditure awaiting condonement	31 690	3 551 500

Incident	Disciplinary Steps / Criminal Proceedings	2019	2018
Advertisement for construction of additional offices (Bid 07 / 16) - R5 869 686 (:- R3 533 938)	Written Off	5 869 686	3 533 938
SenTech - R0 (:- R17 562)	Written Off	-	17 562
MACRONYM - R0 (:- R150 000)	Written Off	-	150 000
MACRONYM - R0 (:- R175 000)	Written Off	-	175 000
Banking Services - R31 690 (:- R0)	Under Investigation. To be submitted to Council for condonement.	31 690	-
		5 901 376	3 876 500

**39 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCIAL MANAGEMENT ACT**

**39.1 Contributions to organised local government - SALGA**

Council Subscriptions	662 934	679 999
Amount Paid - current year	(662 934)	(679 999)

**Balance Unpaid (included in Creditors)**

-

**39.2 Audit Fees**

Current year Audit Fee	1 928 678	1 929 239
Amount Paid - current year	(1 928 678)	(1 929 239)

**Balance Unpaid (included in Creditors)**

-

**39.3 VAT**

The net of VAT input payables and VAT output receivables are shown in Note 4. All VAT returns have been submitted by the due date throughout the year.

**39.4 PAYE, Skills Development Levy and UIF**

Opening Balance	111 517	3 269
Current year Payroll Deductions	14 550 381	12 367 334
Amount Paid - current year	(14 655 871)	(12 259 086)

**Balance Unpaid (included in Creditors)**

6 027

111 517

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	2019 R	2018 R
<b>39.5 Pension and Medical Aid Deductions</b>		
Opening Balance	(2)	-
Current year Payroll Deductions and Council Contributions	14 841 511	9 356 677
Amount Paid - current year	(14 841 509)	(9 356 679)
<b>Balance Unpaid (included in Creditors)</b>	<u><u>-</u></u>	<u><u>(2)</u></u>

**39.6 Non-Compliance with the Municipal Finance Management Act**

**Interest charged on outstanding debtors - [MFMA 64 (2)(g)]**

In terms of section 64 (2)(g) of the MFMA the municipality must charge interest on arrears, except where the council has granted exemptions in accordance with its budget related policies and within a prescribed framework. The municipality does not charge interest on long outstanding debtors, as the municipality does not deliver basic services. Amendment was made to the policy for the 2017/18 financial year.

**Revenue not disclosed per source in the SDBIP - [MFMA 1]**

In terms of section 1 of the MFMA the municipality must project for each month revenue to be collected, by source. The SDBIP of the municipality discloses the revenue to be collected by vote and not by source. Amendment was made to the 2017/18 SDBIP to disclose revenue by source.

**39.7 Deviation from, and ratification of minor breaches of, the Procurement Processes**

In terms of section 36(2) of the Municipal Supply Chain Management Regulations approved by the council, any deviation from the Supply Chain Management Policy needs to be approved / condoned by the Municipal Manager, noted by Council and bids where the formal procurement processes could not be followed must be noted in the Annual Financial Statements.

The following deviations from the tender stipulations in terms of the municipality's Supply Chain Management Policy were ratified by the Municipal Manager and reported to Council:

**30 June 2019**

Supplier	Service	Amount
WOLTERS KLUWER	Annual renewal of TeamMate software and license with installation of TeamTec Software	53 320
COASTAL HIRE	Repairs and service of a septic tank to extract sewerage from the main hole	7 125
ESRI SOUTH AFRICA	Esri software maintenance	45 575
SIYAVANA CATERING	Catering for HIV/AIDS awareness programme	45 000
LILINTLE TRANSPORT SUPPLIER	Transportation for HIV/AIDS awareness programme	53 500
ERNEST NOMBULELO GENERAL TRADING	Sound equipment hire for HIV/AIDS awareness programme	30 000
SETLOGELO TRANSPORT AND GENERAL TRADING	Transportation for HIV/AIDS awareness programme	40 799
S & F EMPLOYMENT SERVICES	Catering for HIV/AIDS awareness with LGBTI community	68 310
<b>Total:</b>		<b>343 629</b>

**30 June 2018**

Supplier	Service	Amount
BCX	Treasury Reporting Utility Training	30 780
KIM-ROADS CC	Assistance with water tanks	28 728
ESRI SOUTH AFRICA	Esri software maintenance	47 994
EOH COMPANY	Workabout Pro G4 (Asset Handheld Scanner and Alliminium Asset Labels)	37 967
<b>Total:</b>		<b>145 469</b>

**40 COMMITMENTS FOR EXPENDITURE**

**40.1 Capital Commitments**

Commitments in respect of Capital Expenditure:

**- Approved and Contracted for:-**

Land and Buildings

Infrastructure

830 705	5 156 936
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830 705	3 410 696
---------	-----------

-	1 746 240
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This expenditure will be financed from:

Capital Replacement Reserve

830 705	5 156 936
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<b>830 705</b>	<b>5 156 936</b>
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**41 FINANCIAL INSTRUMENTS**

**41.1 Classification**

**FINANCIAL ASSETS:**

In accordance with GRAP 104.13 the Financial Assets of the municipality are classified as follows:

	<u>Financial Assets</u>	<u>Classification</u>	
<b>Long-term Receivables</b>			
Employee Benefits	Amortised cost	7 593 000	7 560 000
<b>Receivables from Exchange Transactions</b>			
Other Service Charges	Amortised cost	1 875 219	862 247
Prepayments and Advances	Amortised cost	1 069 031	671 014
Control, Clearing and Interface Accounts	Amortised cost	1 161 322	350 071
<b>Investments</b>	Amortised cost	6 700 000	6 050 000
<b>Cash and Cash Equivalents</b>			
Call Deposits	Amortised cost	66 501 000	51 001 000
Short-term Portion of Investments	Amortised cost	-	-
Bank Balances	Amortised cost	5 062 862	67 505
Cash Floats and Advances	Fair value	3 300	3 300
<b>Current Portion of Long-term Receivables</b>			
Employee Benefits	Amortised cost	868 000	819 000
<b>SUMMARY OF FINANCIAL ASSETS</b>			
<b>Financial Assets at Amortised Cost:</b>			
Long-term Receivables	Employee Benefits	7 593 000	7 560 000
Receivables from Exchange Transactions	Other Service Charges	1 875 219	862 247
Receivables from Exchange Transactions	Prepayments and Advances	1 069 031	671 014
Receivables from Exchange Transactions	Control, Clearing and Interface Accounts	1 161 322	350 071
Current Portion of Long-term Receivables	Employee Benefits	868 000	819 000
Investments	Investments	6 700 000	6 050 000
Cash and Cash Equivalents	Call Deposits	66 501 000	51 001 000
Cash and Cash Equivalents	Bank Balances	5 062 862	67 505
		<u><u>90 830 434</u></u>	<u><u>67 380 836</u></u>
<b>Financial Assets at Fair Value:</b>			
Cash and Cash Equivalents	Cash Floats and Advances	3 300	3 300
		<u><u>3 300</u></u>	<u><u>3 300</u></u>
<b>Total Financial Assets</b>		<u><u>90 833 734</u></u>	<u><u>67 384 136</u></u>

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2019 R	2018 R
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**FINANCIAL LIABILITIES:**

In accordance with GRAP 104.13 the Financial Liabilities of the municipality are classified as follows:

	<u>Financial Liabilities</u>	<u>Classification</u>	2019 R	2018 R
<b>Payables from Exchange Transactions</b>				
Advance Payments	Amortised cost	(36)	20 210	
Bonus	Amortised cost	1 743 240	1 696 191	
Other Payables	Amortised cost	29 179	44 073	
Retentions	Amortised cost	336 603	336 603	
Unspent conditional grants	Amortised cost	92 314	206 662	
Trade Creditors	Amortised cost	6 576 687	4 469 012	
<b>Current Portion of Long-term Liabilities</b>				
Development Bank of South Africa	Amortised cost	(2 455 416)	(2 455 416)	
<b>SUMMARY OF FINANCIAL LIABILITIES</b>				
<b>Financial Liabilities at Amortised Cost:</b>				
Payables from Exchange Transactions	Advance Payments	(36)	20 210	
Payables from Exchange Transactions	Bonus	1 743 240	1 696 191	
Payables from Exchange Transactions	Leave Accrual	-	-	
Payables from Exchange Transactions	Other Payables	29 179	44 073	
Payables from Exchange Transactions	Retentions	336 603	336 603	
Payables from Exchange Transactions	Unspent conditional grants	92 314	206 662	
Payables from Exchange Transactions	Trade Creditors	6 576 687	4 469 012	
Current Portion of Long-term Liabilities	Development Bank of South Africa	(2 455 416)	(2 455 416)	
		<u>6 322 572</u>	<u>4 317 335</u>	
<b>Total Financial Liabilities</b>			<u>6 322 572</u>	<u>4 317 335</u>

**41.2 Fair Value**

The following methods and assumptions were used to estimate the Fair Value of each class of Financial Instrument for which it is practical to estimate such value:

**Cash**

The carrying amount approximates the Fair Value because of the short maturity of these instruments.

**Trade and Other Receivables/Payables**

The Fair Value of Trade and Other Payables is estimated at the present value of future cash flows.

The management of the municipality is of the opinion that the carrying value of Trade and Other Receivables recorded at amortised cost in the Annual Financial Statements approximate their fair values. The Fair Value of Trade Receivables were determined after considering the standard terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

**Other Financial Assets and Liabilities**

The Fair Value of Other Financial Assets and Financial Liabilities (excluding Derivative Instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

**Long-term Liabilities**

The Fair Value of Long-term Liabilities was determined after considering the standard terms and conditions of agreements entered into between the municipality and the relevant financing institutions.

Management considers the carrying amounts of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements to approximate their Fair Values on 30 June 2019, as a result of the short-term maturity of these assets and liabilities.

The Fair Values of Financial Assets and Financial Liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

	30 June 2019		30 June 2018	
	Carrying Amount R	Fair Value R	Carrying Amount R	Fair Value R
<b>FINANCIAL ASSETS</b>				
<b>Measured at Amortised Cost:</b>				
Long-term Receivables	90 830 434	90 830 434	67 380 836	67 380 836
Receivables from Exchange Transactions	7 593 000	7 593 000	7 560 000	7 560 000
Current Portion of Long-term Receivables	4 105 572	4 105 572	1 883 331	1 883 331
Call Deposits	868 000	868 000	819 000	819 000
Investments	66 501 000	66 501 000	51 001 000	51 001 000
Bank Balances	6 700 000	6 700 000	6 050 000	6 050 000
	5 062 862	5 062 862	67 505	67 505
<b>Measured at Fair Value</b>	3 300	3 300	3 300	3 300
Cash and Cash Equivalents	3 300	3 300	3 300	3 300
<b>Total Financial Assets</b>	<u>90 833 734</u>	<u>90 833 734</u>	<u>67 384 136</u>	<u>67 384 136</u>
<b>FINANCIAL LIABILITIES</b>				
<b>Measured at Amortised Cost:</b>				
-Payables from Exchange Transactions	6 322 572	6 322 572	4 317 335	4 317 335
-Current Portion of Long-term Liabilities	8 777 988	8 777 988	6 772 751	6 772 751
	(2 455 416)	(2 455 416)	(2 455 416)	(2 455 416)
<b>Total Financial Liabilities</b>	<u>6 322 572</u>	<u>6 322 572</u>	<u>4 317 335</u>	<u>4 317 335</u>
<b>Total Financial Instruments</b>	<u>84 511 161</u>	<u>84 511 161</u>	<u>63 066 801</u>	<u>63 066 801</u>
<b>Unrecognised Gain / (Loss)</b>			-	-

No Financial Instruments of the municipality have been reclassified during the year.

**Assumptions used in determining Fair Value of Financial Assets and Financial Liabilities**

The table below analyses Financial Instruments carried at Fair Value at the end of the reporting period by the level of fair-value hierarchy as required by GRAP 104. The different levels are based on the extent to which quoted prices are used in the calculation of the Fair Value of the Financial Instruments. The levels have been defined as follows:

Level 1:-

Fair Values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2:-

Fair Values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3:-

Fair Values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

**30 June 2019**

	Level 1 R	Level 2 R	Level 3 R	Total R
<b>FINANCIAL ASSETS</b>				
<b>Financial Instruments at Fair Value:</b>				
Cash and Cash Equivalents	-	3 300	-	3 300
<b>Total Financial Assets</b>	<u>-</u>	<u>3 300</u>	<u>-</u>	<u>3 300</u>

FRANCES BAARD DISTRICT MUNICIPALITY  
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	2019 R	2018 R
Total Financial Instruments	<u><u>3 300</u></u>	<u><u>3 300</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

30 June 2018	2019 R	2018 R		
	Level 1 R	Level 2 R	Level 3 R	Total R
<b>FINANCIAL ASSETS</b>				
<b>Financial Instruments at Fair Value:</b>				
Cash and Cash Equivalents	-	3 300	-	3 300
<b>Total Financial Assets</b>	-	3 300	-	3 300
<b>Total Financial Instruments</b>	-	3 300	-	3 300

**41.3 Capital Risk Management**

The capital structure of the municipality consists of debt, which includes Cash and Cash Equivalents and Equity, comprising Funds, Reserves and Accumulated Surplus as disclosed in Note 22 and the Statement of Changes in Net Assets.

**Gearing Ratio**

	2019 R	2018 R
The gearing ratio at the year-end was as follows:		
Debt	(2 455 416)	(2 455 416)
Cash and Cash Equivalents	(7 596 300)	(7 563 300)
<b>Net Debt</b>	(10 051 716)	(10 018 716)
Equity	100 577 348	75 911 852
<b>Net debt to equity ratio</b>	-9.99%	-13.20%

Debt is defined as Long-term Liabilities, together with its Short-term Portion.

Equity includes all Funds and Reserves of the municipality, disclosed as Net Assets in the Statement of Financial Performance and Net Debt as described above.

**41.4 Financial Risk Management Objectives**

The Accounting Officer has overall responsibility for the establishment and oversight of the municipality's risk management framework. The municipality's risk management policies are established to identify and analyse the risks faced by the municipality, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Due to the largely non-trading nature of activities and the way in which they are financed, municipalities are not exposed to the degree of financial risk faced by business entities. Financial Instruments play a much more limited role in creating or changing risks that would be typical of listed companies to which the IAS's mainly apply. Generally, Financial Assets and Liabilities are generated by day-to-day operational activities and are not held to manage the risks facing the municipality in undertaking its activities.

The Department Financial Services monitors and manages the financial risks relating to the operations through internal policies and procedures. These risks include interest rate risk, credit risk and liquidity risk. Compliance with policies and procedures is reviewed by the internal auditors on a continuous basis, and annually by external auditors. The municipality does not enter into or trade financial instruments for speculative purposes.

Internal audit, responsible for initiating a control framework and monitoring and responding to potential risk, reports periodically to the municipality's audit committee, an independent body that monitors the effectiveness of the internal audit function.

Further quantitative disclosures are included throughout these Annual Financial Statements.

**41.5 Significant Risks**

It is the policy of the municipality to disclose information that enables the user of its Annual Financial Statements to evaluate the nature and extent of risks arising from Financial Instruments to which the municipality is exposed on the reporting date.

The municipality has exposure to the following risks from its operations in Financial Instruments:

- Credit Risk;
- Liquidity Risk; and
- Market Risk.

Risks and exposures are disclosed as follows:

**Market Risk**

Market Risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the municipality's income or the value of its holdings in Financial Instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

**Credit Risk**

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality's receivables from customers and investment securities.

**Liquidity Risk**

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality's reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timely basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

A maturity analysis for Financial Liabilities (where applicable) that shows the remaining undiscounted contractual maturities is disclosed in Note 41.8 to the Annual Financial Statements.

**41.6 Market Risk**

The municipality's activities expose it primarily to the financial risks of changes in interest rates (see Note 41.7 below). No formal policy exists to hedge volatilities in the interest rate market.

There has been no change to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

**41.6.1 Foreign Currency Risk Management**

The municipality's activities do not expose it to the financial risks of foreign currency and therefore has no formal policy to hedge volatilities in the interest rate market.

**41.6.2 Interest Rate Risk Management**

*Interest Rate Risk* is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Potential concentrations of interest rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality is not exposed to credit interest rate risk as the municipality has no borrowings.

The municipality's exposures to interest rates on Financial Assets and Financial Liabilities are detailed in the Credit Risk Management section of this note.

**Interest Rate Sensitivity Analysis**

The sensitivity analysis has been determined based on the exposure to interest rates at the Statement of Financial Position date. The analysis is prepared by averaging the amount of the investment at the beginning of the financial year and the amount of the investment at the end of the financial year. A 100 basis point increase or decrease was used, which represents management's assessment of the reasonably possible change in interest rates. The short and long-term financial instruments at year-end with variable interest rates are set out in Note 41.8 below:

*Cash and Cash Equivalents:*

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2019  
R

2018  
R

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the municipality's:

- Surplus for the year ended 30 June 2019 would have increased / decreased by R613 162 (30 June 2018: R505 837). This is mainly attributable to the municipality's exposure to interest rates on its variable rate investments.

**41.7 Credit Risk Management**

*Credit Risk* refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the municipality. The municipality has a sound credit control and debt collection policy and obtains sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The municipality uses its own trading records to assess its major customers. The municipality's exposure of its counterparties are monitored regularly.

Potential concentrations of credit risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

**Investments/Bank, Cash and Cash Equivalents**

The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with Absa Bank, First National Bank, Nedbank and Standard Bank. No investments with a tenure exceeding twelve months are made.

**Trade and Other Receivables**

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Long-term Receivables and Other Debtors are individually evaluated annually at reporting date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

The municipality does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The municipality defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings.

The table below shows the balance of the 5 major counterparties at the balance sheet date. Management is of the opinion that, although these parties are the 5 counterparties with highest outstanding balances, no significant credit risk exposure exists based on the payment history of the parties, except for Northern Province Academy of Sport and Department of Water and Forestry Affairs for which there is uncertainty about the collectivity. They have been included in the Provision for Impairment of Consumer Debtors.

Counterparty and Location	30 June 2019		30 June 2018	
	Credit Limit R	Carrying Amount R	Credit Limit R	Carrying Amount R
Terra Clay (Pty) Ltd	-	3 746 717	-	-
Department of Education, Arts and Culture	-	2 695 629	-	2 537 699
NTK Beleggings & Ontwikkeling	-	2 162 771	-	-
Government of the Republic of South Africa	-	1 743 722	-	1 487 792
Republiek van Suid-Afrika	-	1 530 382	-	1 291 233
Midway Bricks (Pty) Ltd	-	-	-	3 094 127
Northern Province Academy of Sport	-	-	-	1 324 294

The maximum credit and interest risk exposure in respect of the relevant financial instruments is as follows:

Long-term Receivables	8 461 000	8 379 000
Receivables from Exchange Transactions	4 193 692	1 971 452
Investments	6 700 000	-
Bank, Cash and Cash Equivalents	71 567 162	51 071 805

**Maximum Credit and Interest Risk Exposure**

**90 921 854**      **61 422 257**

**Credit quality of Financial Assets:**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

<b>Long-term Receivables</b>	
Roads – Post Retirement Medical Aid	8 461 000

**8 461 000**      **8 379 000**

**Total Long-term Receivables**

**8 461 000**      **8 379 000**

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

**41 FINANCIAL INSTRUMENTS (Continued)**

**41.8 Liquidity Risk Management**

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note N/A C67 is a listing of additional undrawn facilities that the municipality has at its disposal to further reduce liquidity risk (cash).

**Liquidity and Interest Risk Tables**

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

The following tables detail the municipality's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the municipality can be required to pay. The table includes both interest and principal cash flows.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
<b>30 June 2019</b>		%	R	R	R	R		R
Non-interest Bearing		0.00%	8 777 988	8 777 988	-	-	-	-
- Payables from Exchange transactions			8 777 988	8 777 988	-	-	-	-
			<b>6 322 572</b>	<b>6 322 572</b>	-	-	-	-
<b>30 June 2018</b>		0.00%	6 772 751	6 772 751	-	-	-	-
Non-interest Bearing		0.00%	6 566 088	6 566 088	-	-	-	-
- Payables from Exchange transactions			206 662	206 662	-	-	-	-
Fixed Interest Rate Instruments		10.90%	(2 455 416)	(2 455 416)	-	-	-	-
- Current Portion of Long-term Liabilities			(2 455 416)	(2 455 416)	-	-	-	-
			<b>4 317 335</b>	<b>4 317 335</b>	-	-	-	-

The following table details the municipality's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the municipality anticipates that the cash flow will occur in a different period.

Description	Note ref in AFS	Average effective Interest Rate	Total	6 Months or less	6 - 12 Months	1 - 2 Years	2 - 5 Years	More than 5 Years
<b>30 June 2019</b>		%	R	R	R	R		R
Non-interest Bearing		0.00%	12 569 872	8 773 372	3 796 500	-	-	-
- Long-term Receivables			7 593 000	3 796 500	3 796 500	-	-	-
- Trade Receivables from Exchange Transactions			4 105 572	4 105 572	-	-	-	-
- Cash and Cash Equivalents			3 300	3 300	-	-	-	-
- Current Portion of Long Term Receivables			868 000	868 000	-	-	-	-
Variable Interest Rate Instruments		10.97%	71 563 862	71 563 862	-	-	-	-
- Call Deposits			66 501 000	66 501 000	-	-	-	-
- Bank Account			5 062 862	5 062 862	-	-	-	-
Fixed Interest Rate Instruments		8.65%	6 700 000	-	6 700 000	-	-	-
- Fixed Deposits			6 700 000	-	6 700 000	-	-	-
			<b>90 833 734</b>	<b>80 337 234</b>	<b>10 496 500</b>	-	-	-
<b>30 June 2018</b>		0.00%	10 265 631	10 265 631	-	-	-	-
Non-interest Bearing		0.00%	7 560 000	7 560 000	-	-	-	-
- Long-term Receivables			1 883 331	1 883 331	-	-	-	-
- Trade Receivables from Exchange Transactions			3 300	3 300	-	-	-	-
- Cash and Cash Equivalents			819 000	819 000	-	-	-	-
- Current Portion of Long Term Receivables								
Variable Interest Rate Instruments		11.53%	51 068 505	51 068 505	-	-	-	-
- Call Deposits			51 001 000	51 001 000	-	-	-	-
- Bank Account			67 505	67 505	-	-	-	-
Fixed Interest Rate Instruments		8.65%	6 050 000	-	6 050 000	-	-	-
- Fixed Deposits			6 050 000	-	6 050 000	-	-	-
			<b>67 384 136</b>	<b>61 334 136</b>	<b>6 050 000</b>	-	-	-

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

2019	2018
R	R

#### **42 MULTI-EMPLOYER RETIREMENT BENEFIT INFORMATION**

The municipality makes provision for post-retirement benefits to eligible councillors and employees, who belong to different pension schemes. Employees belong to a variety of approved Pension and Provident Funds as described below. These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a tri-annual, bi-annual or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The total expense recognised in the Statement of Financial Performance of R1 838 765 (2018: R1 862 965) represents contributions payable to these plans by the municipality at rates specified in the rules of the plans. These contributions have been expensed.

#### **DEFINED CONTRIBUTION SCHEMES**

Council contribute to the Municipal Council Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

##### **Cape Joint Retirement Fund:**

The scheme is subject to an annual actuarial valuation which is not the responsibility of the Municipality. The last statutory valuation was performed as at 30 June 2018.

The statutory valuation performed as at 30 June 2018 revealed that the assets of the fund amounted to R23 318 184, R70 111 and R651 455 (30 June 2017: R21 359,334 in total) million, with funding levels of 100.4%, 100% and 128% (2017: 100.3%, 100% and 127.3%) for the Share Account, Preservation Account and the Pensions Account respectively. The contribution rate paid by the members (7,50%) and the municipalities (19,50%) is sufficient to fund the benefits accruing from the fund in the future.

##### **Municipal Councillors Pension Fund:**

The scheme is subject to a tri-annual actuarial valuation. The last statutory valuation was performed as at 30 June 2012.

The Municipal Councillors Pension Fund operates as a defined contribution scheme. The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future. The actuarial valuation of the fund was undertaken at 30 June 2005 and reported a funding ratio of 147.3%.

The statutory valuation performed as at 30 June 2012 revealed that the net assets of the fund were R1 183,5 (30 June 2009: R1 123,7) million, with a funding level of 99,5% (30 June 2009: 102,0%). The contribution rate paid by the members (13,75%) and Council (15,00%) is sufficient to fund the benefits accruing from the fund in the future.

The deficit of R6,4 (2009: surplus R22,5) million is regarded as relatively insignificant in the context of the fund. There is a strong possibility that SARS may reverse penalties and interest in the order of R10,3 million which will result in a fully funded position.

The next statutory valuation was due at 30 June 2009, but an extension has been granted until 31 December 2010.

As reported by the Actuaries, the Fund was following an appropriate investment strategy during the valuation period.

No further information could be obtained.

None of the above mentioned plans are State Plans.

#### **43 RELATED PARTY TRANSACTIONS**

All Related Party Transactions are conducted at arm's length, unless stated otherwise.

##### **43.1 Services rendered to Related Parties**

The municipality did not render any services during the year to anyone that can be considered as a related party.

##### **43.2 Loans granted to Related Parties**

In terms of the MFMA, the municipality may not grant loans to its Councillors, Management, Staff and Public with effect from 1 July 2004. No loans were granted to Councillors, Management, Staff and Public by Frances Baard District Municipality, during the financial year under review.

##### **43.3 Compensation of Related Parties**

Compensation of Key Management Personnel and Councillors is set out in Note 26 and 27, to the Annual Financial Statements.

**FRANCES BAARD DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

2019	2018
R	R

**43.4 Purchases from Related Parties**

No transactions were entered into with businesses in which councillors, management and/or those charged with governance have an interest for the 2018/19 financial year.

**44 CONTINGENT LIABILITIES**

The municipality was not engaged in any transaction or event during the year under review involving Contingent Liabilities.

**45 CONTINGENT ASSETS**

The municipality was not engaged in any transaction or event during the year under review involving Contingent Assets.

**46 IN-KIND DONATIONS AND ASSISTANCE**

Mr. G Botha served on the audit committee for the 2018/19 financial year, he is a government employee and therefore is not entitled to receive any compensation for duties performed as a member of the audit committee.

**47 PRIVATE PUBLIC PARTNERSHIPS**

The municipality was not a party to any Private Public Partnerships during the year under review.

**48 EVENTS AFTER THE REPORTING DATE**

No events having financial implications requiring disclosure occurred subsequent to 30 June 2019.

**49 GOING CONCERN ASSESSMENT**

The municipality's cash flow forecast for the year to 30 June 2019 has been reviewed and management is satisfied that the municipality can continue in operational existence for the foreseeable future. The accumulated surplus and cash & cash equivalents as at 30 June 2019 was taken into consideration during the review.

**APPENDIX A**  
**FRANCES BAARD DISTRICT MUNICIPALITY**  
**SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2019**

THE MUNICIPALITY HAD NO EXTERNAL LOANS FOR THE TWO FINANCIAL YEARS

Details	Original Loan Amount	Interest Rate	Loan Number	Redeemable	Balance at 30 June 2018	Received during the Period	Redeemed/ Written Off during Period	Balance at 30 June 2019
GOVERNMENT LOANS	R 15 000 000	10.9%	25869	30-Jun-19	R 2 455 416	-	R 2 455 416	R -
Total Government Loans	<b>15 000 000</b>				<b>2 455 416</b>	-	<b>2 455 416</b>	-
OTHER LOANS								
Total Other Loans	-				-	-	-	-
<b>TOTAL EXTERNAL LOANS</b>	<b>15 000 000</b>				<b>2 455 416</b>	-	<b>2 455 416</b>	-

**ANNUITY LOANS:**

**DBSA:**

A fixed term loan over a period of 10 years was taken up with the Development Bank of Southern Africa to construct a new council Chamber and offices. In terms of the service level agreement, as amended, the loan will be repaid in 18 six-monthly instalments with the first instalment payable on 31 December 2010 at an interest rate of 10.9 %. Interest payments commenced on 30 June 2009. The remaining balance on the loan has been transferred to payables.

**APPENDIX B**  
**FRANCES BAARD DISTRICT MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**

2018 Actual Income	2018 Budgeted Income	2018 Actual Expenditure	2018 Budgeted Expenditure	2018 Surplus/ (Deficit)	Description	2019 Actual Income	2019 Budgeted Income	2019 Actual Expenditure	2019 Budgeted Expenditure	2019 Surplus/ (Deficit)
R	R	R	R	R		R	R	R	R	R
111 605 334	111 288 260	26 588 005 33 049 854 10 210	32 848 980 39 183 094 51 680	(26 588 005) 78 555 480 (10 210)	<b>Municipal Governance and Administration</b> Executive and Council Finance and Administration Internal Audit	477 610 124 177 072	500 000 123 979 000	25 672 944 38 408 189	30 854 870 43 145 850	(25 195 334) 85 768 883
345 462	368 000	5 883 625	7 946 630	(5 538 163)	<b>Community and Public Safety</b> Community and Social Services Public Safety Sport and Recreation	389 000	-	6 099 469	7 936 110	(5 710 469)
800 000	4 636 411	6 820 800	(4 636 411)	-	<b>Housing</b>	-	-	2 780 645	3 725 980	(2 780 645)
12 662 876	13 052 000	3 998 882 39 616 252	6 501 110 50 123 556	(3 998 882) (26 953 376)	<b>Health</b> <b>Economic and Environmental Services</b> Environmental Protection Planning and Development Road Transport	8 330 776	8 618 860	4 140 080	5 980 300	(4 140 080)
204 080	307 820	3 731 224	5 181 500	(3 527 144)	<b>Trading Services</b> Energy Sources Waste Management Waste Water Management Water Management	-	-	3 292 873	5 299 720	(3 292 873)
124 817 752	125 816 080	117 514 464	148 657 350	7 303 288	<b>Other</b> Sub-Total	133 374 458	133 097 860	108 539 479	133 126 060	24 834 979
-	(2 029 330)	29 393	250 000	(29 393)	Gains and Losses	-	-	67 294	300 000	(67 294)
124 817 752	123 786 750	117 543 857	148 907 350	7 273 895	Total	133 374 458	133 097 860	108 606 773	133 426 060	24 767 684

**APPENDIX C(1)**  
**FRANCES BAARD DISTRICT MUNICIPALITY**  
**RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY STANDARD CLASSIFICATION FOR THE YEAR ENDED 30 JUNE 2019**

Description	2018/19											2017/18
	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome	
<b>REVENUE - STANDARD</b>	R	R	R	R	R	R	R	R	R	R	R	R
<b>Municipal Governance and Administration</b>												
Executive and Council	-	-	-	500 000	500 000	477 610	-	(22 390)	95.52	0.00	-	-
Finance and Administration	122 632 000	300 000	122 932 000	1 047 000	123 979 000	124 177 072	-	198 072	100.16	101.26	111 605 334	
<b>Community and Public Safety</b>												
Public Safety	368 000	-	368 000	(368 000)	-	389 000	-	389 000	0.00	105.71	345 462	
Housing	-	-	-	-	-	-	-	-	0.00	0.00	-	
<b>Economic and Environmental Services</b>												
Environmental Protection	-	-	-	-	-	-	-	-	0.00	0.00	-	
Planning and Development	4 618 860	-	4 618 860	4 000 000	8 618 860	8 330 776	-	(288 084)	96.66	180.36	12 662 876	
<b>Other</b>	-	-	-	-	-	-	-	-	0.00	0.00	204 080	
<b>Total Revenue - Standard</b>	127 618 860	300 000	127 918 860	5 179 000	133 097 860	133 374 458	-	276 598	2 575.29	104.51	124 817 752	
<b>EXPENDITURE - STANDARD</b>												
<b>Municipal Governance and Administration</b>												
Executive and Council	27 505 390	2 849 480	30 354 870	500 000	30 854 870	25 672 944	-	(5 181 926)	83.21	93.34	26 588 005	
Finance and Administration	42 369 530	695 320	43 064 850	81 000	43 145 850	38 408 189	-	(4 737 661)	89.02	90.65	33 049 854	
<b>Community and Public Safety</b>												
Public Safety	8 148 900	(212 790)	7 936 110	-	7 936 110	6 099 469	-	(1 836 641)	76.86	74.85	5 883 625	
Housing	4 219 380	(493 400)	3 725 980	-	3 725 980	2 780 645	-	(945 335)	74.63	65.90	4 636 411	
<b>Economic and Environmental Services</b>												
Environmental Protection	7 279 980	(1 299 680)	5 980 300	-	5 980 300	4 140 080	-	(1 840 220)	69.23	56.87	3 998 882	
Planning and Development	34 142 840	(1 878 610)	32 264 230	3 919 000	36 183 230	28 145 279	-	(8 037 951)	77.79	82.43	39 616 252	
<b>Other</b>	4 551 230	748 490	5 299 720	-	5 299 720	3 292 873	-	(2 006 847)	62.13	72.35	3 731 224	
<b>Total Expenditure - Standard</b>	128 217 250	408 810	128 626 060	4 500 000	133 126 060	108 539 479	-	(24 586 581)	2 411.99	84.65	117 514 464	
<b>Gains and Losses</b>												
	300 000		300 000		300 000	67 292	-	(232 708)	22.43	22.43	29 393	
<b>Surplus/(Deficit) for the year</b>	(898 390)	(108 810)	(1 007 200)	679 000	(328 200)	24 767 687	-	24 863 179	3 647.67	0.00	7 273 895	
						102 191					(126 393)	

**APPENDIX C(2)**  
**FRANCES BAARD DISTRICT MUNICIPALITY**  
**RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE BY MUNICIPAL VOTE FOR THE YEAR ENDED 30 JUNE 2019**

Description	2018/19										2017/18
	Original Budget	Budget Adjustments	Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
<b>REVENUE - MUNICIPAL</b>	R	R	R	R	R	R	R	R	R	R	R
Executive & Council	-	-	-	500 000	500 000	477 610	-	(22 390)	95.52	0.00	-
Municipal Manager	-	-	-	-	-	-	-	-	0.00	0.00	-
Budget And Treasury	122 632 000	300 000	122 932 000	1 047 000	123 979 000	124 177 072	-	198 072	100.16	101.26	111 605 334
Corporate Services	368 000	-	368 000	(368 000)	-	389 000	-	389 000	0.00	105.71	345 462
Planning & Development	-	-	-	-	-	-	-	-	0.00	0.00	204 080
Project Man And Advisory Serv	4 618 860	-	4 618 860	4 000 000	8 618 860	8 330 776	-	(288 084)	96.66	180.36	12 662 876
<b>Total Revenue - Standard</b>	<b>127 618 860</b>	<b>300 000</b>	<b>127 918 860</b>	<b>5 179 000</b>	<b>133 097 860</b>	<b>133 374 458</b>	<b>-</b>	<b>553 195</b>	<b>2 575.29</b>	<b>104.51</b>	<b>124 817 752</b>
<b>EXPENDITURE - MUNICIPAL</b>											
Executive & Council	10 096 990	1 776 420	11 873 410	500 000	12 373 410	10 252 772	-	(2 120 638)	82.86	101.54	10 469 643
Municipal Manager	17 408 400	1 073 060	18 481 460	-	18 481 460	15 420 171	-	(3 061 289)	83.44	88.58	16 161 036
Budget And Treasury	20 974 740	(301 200)	20 673 540	81 000	20 754 540	19 072 619	-	(1 681 921)	91.90	90.93	15 654 352
Corporate Services	36 823 670	(515 950)	36 307 720	-	36 307 720	29 575 119	-	(6 732 601)	81.46	80.32	27 245 544
Planning & Development	21 533 420	(1 021 960)	20 511 460	-	20 511 460	13 889 994	-	(6 621 466)	67.72	64.50	12 743 368
Project Man And Advisory Serv	21 380 030	(601 560)	20 778 470	3 919 000	24 697 470	20 328 803	-	(4 368 667)	82.31	95.08	35 240 520
<b>Total Expenditure - Standard</b>	<b>128 217 250</b>	<b>408 810</b>	<b>128 626 060</b>	<b>4 500 000</b>	<b>133 126 060</b>	<b>108 539 479</b>	<b>-</b>	<b>(49 173 162)</b>	<b>2 411.99</b>	<b>84.65</b>	<b>117 514 464</b>
<b>Gains and Losses</b>											
	300 000		300 000		300 000	67 292	-	(232 708)	22.43	22.43	29 393
<b>Surplus/(Deficit) for the year</b>	<b>(898 390)</b>	<b>(108 810)</b>	<b>(1 007 200)</b>	<b>679 000</b>	<b>(328 200)</b>	<b>24 767 687</b>	<b>-</b>	<b>25 095 887</b>	<b>0.00</b>	<b>0.00</b>	<b>7 273 895</b>

**APPENDIX C(3)**  
**FRANCES BAARD DISTRICT MUNICIPALITY**  
**RECONCILIATION OF BUDGETED FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**

Description	2018/19												Restated Outcome
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	
<b>Revenue from Non-exchange Transactions</b>	R	R	R	R	R	R	R	R	R	R	R	R	R
Transfers and Subsidies	121 311 000	-	121 311 000	4 132 000	125 443 000	-	125 443 000	125 713 389	-	270 389	100.22	103.63	117 698 568
<b>Revenue from Exchange Transactions</b>													
Rental from Fixed Assets	1 002 860	-	1 002 860	-	1 002 860	-	1 002 860	857 756	-	(145 104)	85.53	85.53	1 003 158
Interest, Dividends and Rent on Land Earned	4 805 000	-	4 805 000	1 047 000	5 852 000	-	5 852 000	6 728 692	-	876 692	114.98	140.04	5 830 289
Operational Revenue	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Gains on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-
<b>Total Revenue (excluding Capital Transfers &amp; Co.</b>	127 618 860	300 000	127 918 860	5 179 000	133 097 860	-	-	133 374 458	-	276 598	0.00	104.51	124 817 752
<b>EXPENDITURE</b>													
Employee Related Costs	72 691 760	(200 570)	72 491 190	-	72 491 190	-	72 491 190	61 650 082	-	(10 841 108)	85.04	84.81	57 917 444
Remuneration of Councillors	5 875 310	1 354 960	7 230 270	-	7 230 270	-	7 230 270	6 699 719	-	(530 551)	92.66	114.03	6 566 732
Depreciation and Amortisation	3 550 660	348 500	3 899 160	-	3 899 160	-	3 899 160	3 104 929	-	(794 231)	79.63	87.45	3 751 084
Impairment Losses	3 000	-	3 000	-	3 000	-	3 000	-	-	(3 000)	0.00	0.00	88 121
Interest, Dividends and Rent on Land	222 490	-	222 490	-	222 490	-	222 490	203 899	-	(18 591)	91.64	91.64	451 109
Contracted Services	20 744 690	(699 200)	20 045 490	-	20 045 490	-	20 045 490	-	-	(20 045 490)	0.00	0.00	-
Inventory Consumed	1 634 930	(23 000)	1 611 930	-	1 611 930	-	1 611 930	1 245 543	-	(366 387)	77.27	76.18	1 454 790
Transfers and Subsidies Paid	8 873 260	(500 000)	8 373 260	4 500 000	12 873 260	-	12 873 260	7 305 733	-	(5 567 527)	56.75	82.33	24 795 809
Operating Leases	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Operational Costs	14 621 150	128 120	14 749 270	-	14 749 270	-	14 749 270	28 431 766	-	13 682 496	192.77	194.46	22 362 983
Statutory Payments other than Taxes	-	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Loss on Disposal of Property, Plant and Equipment	300 000	-	300 000	-	300 000	-	300 000	67 292	-	(232 708)	22.43	22.43	29 393
<b>Total Expenditure</b>	128 517 250	408 810	128 926 060	4 500 000	133 426 060	-	-	108 708 962	-	(24 717 098)	0.00	84.59	117 417 465
<b>Surplus/(Deficit) for the Year</b>	(898 390)	-	(1 007 200)	-	(328 200)	-	-	24 665 495	-	-	-	-	7 400 287
								(0)					(0)

**APPENDIX E(4)**  
**FRANCES BAARD DISTRICT MUNICIPALITY**  
**RECONCILIATION OF BUDGETED CAPITAL EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2019**

Description	2018/19											2017/18			
	Original Total Budget	Budget Adjustments	Final Adjustments Budget	Shifting of Funds	Virement	Final Budget	Actual Outcome	Unauthorised Expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported Unauthorised Expenditure	Expenditure authorised i.t.o. Sect 32	Balance to be Recovered	Restated Audited Outcome
<b>CAPITAL EXPENDITURE - VOTE</b>	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Multi-year Expenditure</b>															
Vote 1 - EXECUTIVE AND COUNCIL	-			-		-	-	-	-	0.00	0.00			-	-
Vote 2 - FINANCE DEPARTMENT	-			-		-	-	-	-	0.00	0.00			-	-
Vote 3 - CORPORATE SERVICES	-			-		-	-	-	-	0.00	0.00			-	-
Vote 4 - COMMUNITY SERVICES	-			-		-	-	-	-	0.00	0.00			-	-
Vote 5 - DEVELOPMENT SERVICES	-			-		-	-	-	-	0.00	0.00			-	-
Vote 6 - MUNICIPAL TRAFFIC AND SECURITY	-			-		-	-	-	-	0.00	0.00			-	-
Vote 7 - ELECTRICAL	-			-		-	-	-	-	0.00	0.00			-	-
Vote 8 - TECHNICAL SERVICES	-			-		-	-	-	-	0.00	0.00			-	-
<b>Total Capital Expenditure - Multi-year</b>	-	-	-	-	-	-	-	-	-	0.00	0.00			-	-
<b>Single-year Expenditure</b>															
Vote 1 - EXECUTIVE AND COUNCIL	100 000	-	100 000	-	-	100 000	-	-	(100 000)	0.00	0.00			-	-
Vote 2 - FINANCE DEPARTMENT	53 050	5 750	58 800	-	-	58 800	-	-	(58 800)	0.00	0.00			-	-
Vote 3 - CORPORATE SERVICES	17 300	-	17 300	-	-	17 300	-	-	(17 300)	0.00	0.00			-	-
Vote 4 - COMMUNITY SERVICES	4 388 300	320 000	4 708 300	-	-	4 708 300	-	-	(4 708 300)	0.00	0.00			-	-
Vote 5 - DEVELOPMENT SERVICES	27 500	-	27 500	-	-	27 500	-	-	(27 500)	0.00	0.00			-	-
Vote 6 - MUNICIPAL TRAFFIC AND SECURITY	3 463 500	2 754 280	6 217 780	-	-	6 217 780	-	-	(6 217 780)	0.00	0.00			-	-
Vote 7 - ELECTRICAL	-	-	-	-	-	-	-	-	-	0.00	0.00			-	-
Vote 8 - TECHNICAL SERVICES	-	-	-	-	-	-	-	-	-	0.00	0.00			-	-
<b>Total Capital Expenditure - Single-year</b>	8 049 650	3 080 030	11 129 680	-	-	11 129 680	-	-	(11 129 680)	0.00	0.00			-	-
<b>Total Capital Expenditure - Vote</b>	<b>8 049 650</b>	<b>3 080 030</b>	<b>11 129 680</b>	-	-	<b>11 129 680</b>	-	-	<b>(11 129 680)</b>	<b>0.00</b>	<b>0.00</b>			-	-
<b>CAPITAL EXPENDITURE - STANDARD</b>															
<b>Governance and Administration:</b>															
Executive and Council	-	-	-	-	-	-	-	-	-	0.00	0.00			-	-
Budget and Treasury Office	-	-	-	-	-	-	-	-	-	0.00	0.00			-	-
Corporate Services	-	-	-	-	-	-	-	-	-	0.00	0.00			-	-
<b>Community and Public Safety:</b>															
Community and Social Services	-	-	-	-	-	-	-	-	-	0.00	0.00			-	55 453
Sport and Recreation	2 028 000	20 000	2 048 000	-	-	2 048 000	1 897 054	-	(150 946)	92.63	93.54			-	-
Public Safety	-	-	-	-	-	-	-	-	-	0.00	0.00			-	-
Housing	-	-	-	-	-	-	-	-	-	0.00	0.00			-	-
<b>Economic and Environmental Services:</b>															
Planning and Development	-	-	-	-	-	-	-	-	-	0.00	0.00			-	-
Road Transport	786 800	-	786 800	-	-	786 800	45 147	-	(741 653)	5.74	5.74			-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	0.00	0.00			-	-
<b>Trading Services:</b>															
Electricity	-	-	-	-	-	-	-	-	-	0.00	0.00			-	8 202
Water	-	-	-	-	-	-	-	-	-	0.00	0.00			-	-
Waste Water Management	-	-	-	-	-	-	-	-	-	0.00	0.00			-	-
Waste Management	-	-	-	-	-	-	-	-	-	0.00	0.00			-	-
<b>Other:</b>															
Tourism	-	-	-	-	-	-	-	-	-	0.00	0.00			-	-
<b>Total Capital Expenditure - Standard</b>	<b>2 814 800</b>	<b>20 000</b>	<b>2 834 800</b>	-	-	<b>2 834 800</b>	<b>1 942 201</b>	-	<b>(892 599)</b>	<b>68.51</b>	<b>69.00</b>			-	<b>1 931 035</b>
	2 814 800	20 000	2 834 800			2 834 800	1 942 201		(892 599)						

**APPENDIX C**  
**FRANCES BAARD DISTRICT MUNICIPALITY**  
**RECONCILIATION OF BUDGETED CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019**

Description	2018/19											2017/18
	Original Budget	Budget Adjustments	Adjustment Budget	Special Budget Adjustments	Special Adjustment Budget	Virement	Final Budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Outcome
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	R	R	R	R	R	R	R	R	R	R	R	R
<b>Receipts</b>												
Property Rates	-	-	-	-	-	-	-	-	-	0.00	0.00	-
Transfers and Subsidies	121 311 000	-	121 311 000	4 132 000	125 443 000	-	125 443 000	125 599 041	156 041	100.12	103.53	117 433 532
External Interest and Dividends Received	4 805 000	-	4 805 000	1 047 000	5 852 000	-	5 852 000	6 728 692	876 692	114.98	140.04	5 830 289
Other Receipts	518 000	300 000	818 000	-	818 000	-	818 000	-	(818 000)	0.00	0.00	15 639 088
<b>Payments</b>												
Employee Related Costs	(69 889 760)	200 570	(69 689 190)	-	(69 689 190)	-	(69 689 190)	(58 269 285)	11 419 905	0.00	0.00	(59 339 805)
Remuneration of Councillors	(5 875 310)	(1 354 960)	(7 230 270)	-	(7 230 270)	-	(7 230 270)	(6 699 719)	530 551	0.00	0.00	(6 566 732)
External Interest and Dividends Paid	(222 490)	-	(222 490)	-	(222 490)	-	(222 490)	(203 899)	18 591	0.00	0.00	(451 109)
Suppliers Paid	(23 668 200)	546 880	(23 121 320)	(4 500 000)	(27 621 320)	-	(27 621 320)	(17 352 150)	10 269 170	0.00	0.00	(20 680 405)
Other Payments	(22 204 620)	547 200	(21 657 420)	-	(21 657 420)	-	(21 657 420)	(21 116 732)	540 688	0.00	0.00	(47 158 792)
<b>NET CASH FROM / (USED) OPERATING ACTIVITIES</b>	4 773 620	239 690	5 013 310	679 000	5 692 310	-	5 692 310	30 422 155	24 729 845	838.34	119.25	4 405 581
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>												
Purchase of Property, Plant and Equipment	(8 049 550)	(3 080 030)	(11 129 580)	-	(11 129 580)	-	(11 129 580)	(9 194 801)	1 934 779	0.00	0.00	(3 714 521)
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	0.00	0.00	(149 000)
Proceeds on Disposal of Property, Plant and Equipment	-	-	-	-	-	-	-	2	2	0.00	0.00	33 142
Decrease / (Increase) in Long-term Receivables	114 000	-	114 000	-	114 000	-	114 000	(82 000)	(196 000)	0.00	0.00	554 000
<b>NET CASH FROM / (USED) INVESTING ACTIVITIES</b>	(7 935 550)	(3 080 030)	(11 015 580)	-	(11 015 580)	-	(11 015 580)	(9 276 799)	1 738 781	0.00	0.00	(3 172 273)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>												
Repayment of Borrowings	(2 484 589)	-	(2 484 589)	-	(2 484 589)	-	(2 484 589)	-	2 484 589	0.00	0.00	(4 663 622)
<b>NET CASH FROM / (USED) FINANCING ACTIVITIES</b>	(2 484 589)	-	(2 484 589)	-	(2 484 589)	-	(2 484 589)	-	2 484 589	0.00	0.00	(4 663 622)
<b>NET INCREASE / (DECREASE) IN CASH HELD</b>	<b>2 484 589</b>	<b>2 484 589</b>		2 484 589				650 000				263 622
Cash / Cash Equivalents at the Year begin:	5 646 519		8 486 859		7 807 859		7 807 859	(20 495 357)		0.00	138.28	(969 686)
Cash / Cash Equivalents at the Year end:	47 047 548	15 720 000	62 767 548	679 000	62 767 548	-	62 767 548	51 071 805	(11 695 743)	81.37	108.55	50 102 119
	41 401 029	12 879 660	54 280 689		54 959 689	-	54 959 689	71 567 162	16 607 473	130.22	172.86	51 071 805

**APPENDIX C**  
**FRANCES BAARD DISTRICT MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE**

Year Ended 30 June 2019

Description	Executive and Council	Finance and Administration	Public Safety	Housing	Environmental Protection	Planning and Development	Road Transport	Other	Total for Municipality
<b>REVENUE</b>	R	R	R	R	R	R	R	R	R
Revenue from Non-exchange Transactions									
Transfers and Subsidies	477 610	117 282 704	389 000	-	-	7 564 076	-	-	125 713 389
Revenue from Exchange Transactions									
Sales of Goods and Rendering of Services	-	74 620	-	-	-	-	-	-	74 620
Rental from Fixed Assets	-	91 056	-	-	-	766 700	-	-	857 756
Interest, Dividends and Rent on Land Earned	-	6 728 692	-	-	-	-	-	-	6 728 692
<b>Total Revenue</b>	<b>477 610</b>	<b>124 177 072</b>	<b>389 000</b>	<b>-</b>	<b>-</b>	<b>8 330 776</b>	<b>-</b>	<b>-</b>	<b>133 374 458</b>
<b>EXPENDITURE</b>									
Employee Related Costs	13 677 483	25 672 069	4 061 584	2 570 465	3 089 131	10 780 177	-	1 799 174	61 650 082
Remuneration of Councillors	6 699 719	-	-	-	-	-	-	-	6 699 719
Depreciation and Amortisation	207 141	2 251 969	286 216	20 854	44 671	159 283	-	32 882	3 003 017
- Total Losses, Including PPE	4 457	52 639	3 609	-	510	5 123	-	956	67 294
- Bad Debts Written Off	-	-	-	-	-	-	-	-	-
Interest, Dividends and Rent on Land	-	203 899	-	-	-	-	-	-	203 899
Contracted Services	1 860 193	4 388 800	1 040 523	-	370 927	9 796 978	-	700 766	18 158 186
Inventory Consumed	284 614	749 628	13 140	15 183	2 621	167 243	-	13 114	1 245 543
Transfers and Subsidies Paid	-	-	410 960	-	258 563	6 528 610	-	107 600	7 305 733
Operational Costs	2 725 218	6 046 520	137 113	54 444	146 254	576 433	-	587 318	10 273 300
Loss on Disposal of Property, Plant and Equipment	4 457	52 639	3 609	-	510	5 123	-	956	67 294
<b>Total Expenditure</b>	<b>25 458 825</b>	<b>39 365 524</b>	<b>5 953 146</b>	<b>2 660 945</b>	<b>3 912 678</b>	<b>28 013 847</b>	<b>-</b>	<b>3 241 809</b>	<b>108 606 773</b>
<b>Surplus/(Deficit) for the Year</b>	<b>(24 981 215)</b>	<b>84 811 548</b>	<b>(5 564 146)</b>	<b>(2 660 945)</b>	<b>(3 912 678)</b>	<b>(19 683 071)</b>	<b>-</b>	<b>(3 241 808.59)</b>	<b>24 767 684</b>

**APPENDIX C**  
**FRANCES BAARD DISTRICT MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF FINANCIAL PERFORMANCE (Continued)**

Year Ended 30 June 2018

Description	Executive and Council	Finance and Administration	Public Safety	Housing	Environmental Protection	Planning and Development	Road Transport	Other	Total for Municipality
<b>REVENUE</b>	R	R	R	R	R	R	R	R	R
<b>Revenue from Non-exchange Transactions</b>									
Transfers and Subsidies	-	105 399 150	345 462	-	-	11 749 876	-	204 080	117 698 568
<b>Revenue from Exchange Transactions</b>									
Sales of Goods and Rendering of Services	-	285 736	-	-	-	-	-	-	285 736
Rental from Fixed Assets	-	90 158	-	-	-	913 000	-	-	1 003 158
Interest, Dividends and Rent on Land Earned	-	5 830 289	-	-	-	-	-	-	5 830 289
<b>Total Revenue</b>	-	<b>111 605 334</b>	<b>345 462</b>	-	-	<b>12 662 876</b>	-	<b>204 080</b>	<b>124 817 752</b>
<b>EXPENDITURE</b>									
Employee Related Costs	14 377 034	20 756 945	3 662 596	3 722 461	2 926 529	10 967 582	-	1 494 086	57 917 444
Remuneration of Councillors	6 566 732	-	-	-	-	-	-	-	6 566 732
Depreciation and Amortisation	200 949	2 777 095	503 234	30 600	14 993	315 029	-	35 576	3 877 476
Impairment Losses	88 121	-	-	-	-	-	-	-	88 121
- Total Losses, Including PPE	587	26 910	190	1 586	-	120	-	-	29 393
- Bad Debts Written Off	88 121	-	-	-	-	-	-	-	88 121
Interest, Dividends and Rent on Land	-	451 109	-	-	-	-	-	-	451 109
Contracted Services	1 330 327	3 495 396	1 107 964	597 573	227 416	4 471 909	-	1 273 552	12 504 137
Inventory Consumed	331 758	707 699	14 257	25 240	15 813	343 703	-	16 319	1 454 790
Transfers and Subsidies Paid	228 595	676 199	249 550	-	523 799	22 488 471	-	629 195	24 795 809
Operational Costs	3 165 646	5 189 523	152 468	167 264	106 495	855 034	-	222 416	9 858 846
Loss on Disposal of Property, Plant and Equipment	587	26 910	190	1 586	-	120	-	-	29 393
<b>Total Expenditure</b>	<b>26 289 748</b>	<b>34 080 877</b>	<b>5 690 259</b>	<b>4 544 725</b>	<b>3 815 046</b>	<b>39 441 848</b>	-	<b>3 671 144</b>	<b>117 543 857</b>
<b>Surplus/(Deficit) for the Year</b>	(26 289 748)	77 524 458	(5 344 797)	(4 544 725)	(3 815 046)	(26 778 972)	-	(3 467 064.49)	7 273 895